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Gas Transition Loan Guarantee Scheme – Project Eligibility Criteria Guidelines

Date: 15 July 2026

Gas Transition Loan Guarantee Scheme

The Gas Transition Loan Guarantee Scheme (Scheme) announced in May 2026 supports investment in projects that reduce or replace reticulated natural gas consumption by eligible businesses.

The Scheme supports eligible loans (Supported Loans) made by participating lenders. Participating lenders are registered banks which have entered into a deed of indemnity with the Crown in relation to the Scheme (Participating Lenders).

Eligibility Guidelines

These Eligibility Guidelines (Guidelines) set out the guiding principles for determining whether a borrower, project, and related costs and expenses are eligible under the Scheme.

The Guidelines are intended to support consistent application of the Scheme across Participating Lenders, and to help borrowers identify the certifications and supporting information that may be needed to support an eligibility assessment, by outlining:

1. Borrower eligibility requirements;
2. Project eligibility requirements;
3. Guidance on use of proceeds (examples of core technology and equipment costs and related costs and expenses that amounts advanced under Supported Loans may be used for and principles for cost attribution and allocation); and
4. General exclusions.

The Guidelines are intended to be technology-neutral. Project eligibility is determined based on whether a project contributes to reducing or replacing reticulated natural gas consumption through fuel or asset switching, energy efficiency improvements, or a combination of both.

Where a project, cost or expense is not specifically identified in these Guidelines, the principles set out in these Guidelines may be applied to determine whether the project, cost or expense is eligible under the Scheme.

How the Guidelines operate

Participating Lenders are responsible for determining whether a borrower, project, cost or expense meets the eligibility requirements under the Scheme, based on borrower certifications and any other supporting information they may require. Participating Lenders should read the Guidelines alongside the deed of indemnity. In the event of any conflict between the text of the deed of indemnity and these Guidelines, the deed of indemnity prevails.

Participating Lenders may also apply their own internal credit, risk, sustainable finance, and supported lending policies, including by adopting additional requirements or a more restrictive approach where consistent with those policies.

1. Borrower Eligibility Requirements

To be eligible for the Scheme, a borrower must, at the time the Supported Loan is entered into:

- carry on a business operating in New Zealand that does not involve any Excluded Activity;
- be a current user of reticulated natural gas, either directly or through its guaranteeing group, with annual reticulated natural gas consumption of at least 1,000 gigajoules (GJ);
- not be (and no member of its guaranteeing group may be) a borrower under a Supported Loan with another Participating Lender, unless on a syndicated basis or if the existing Supported Loan is being refinanced; and
- not be a local authority, council-controlled organisation, or council organisation for the purposes of the Local Government Act 2002.

Minimum Natural Gas Consumption Threshold

The 1,000 GJ annual reticulated natural gas consumption threshold may be determined based on reticulated natural gas consumption over the:

- previous 12 months;
- previous calendar year; or
- previous financial year.

The threshold may be determined based on the borrower’s own consumption or the consumption of its guaranteeing group, depending on the borrower's corporate structure and lending arrangements.

Evidence of annual reticulated natural gas consumption may include copies of invoices from gas suppliers, annual consumption summaries from gas suppliers, metered usage data from gas distribution companies, or gas supply contracts or connection agreements.

The 1,000 GJ threshold is a borrower/guaranteeing group-level requirement and is not required to be met by an individual site or project.

Excluded Activities

Borrowers involved in any material respect in any of the following activities are not eligible for the Scheme:

- the manufacture of cluster munitions;
- the manufacture or testing of nuclear explosive devices;
- the manufacture of anti-personnel mines;
- the manufacture of tobacco;
- the processing of whale meat;
- the manufacture or distribution of recreational cannabis;

- the manufacture of civilian automatic or semi-automatic firearms, magazines, or parts;
- any activity that is illegal in New Zealand; and
- any other activity designated as an Excluded Activity by the Crown in writing to Participating Lenders.

Meeting the borrower eligibility requirements does not, by itself, make a borrower eligible under the Scheme. Both the borrower and the project must satisfy the relevant eligibility requirements.

2. Project Eligibility Requirements

To be eligible for a Supported Loan under the Scheme, a project must:

- be an energy efficiency, fuel-switching, or asset-switching project at a site located in New Zealand; and
- be expected to achieve a reduction in annual reticulated natural gas consumption of at least 15%, measured by reference to the relevant site or project (rather than the borrower's or guaranteeing group's annual reticulated natural gas consumption), relative to a baseline level of reticulated natural gas consumption.

The reduction in reticulated natural gas consumption must result from the eligible project and not from decreased production or output.

Minimum Natural Gas Reduction Threshold

The expected reduction of at least 15% should be shown against a baseline level of reticulated natural gas consumption for the relevant site or project. The baseline should use a reasonable historical consumption period, such as the:

- previous 12 months;
- previous calendar year; or
- previous financial year.

Where practicable, the same measurement period should be used to confirm borrower eligibility, and a consistent measurement approach for both the baseline and expected reduction should be applied.

The expected reduction in reticulated natural gas consumption may be supported by borrower certifications, engineering assessments, qualified energy auditor or consultant reports, vendor performance specifications, project modelling, business cases, energy studies, or any other information the Participating Lender may require when making its determination.

3. Guidance on Use of Proceeds

A borrower must use all amounts advanced under a Supported Loan for the purposes of financing an eligible project.

The following sections provide guidance on the costs and expenses associated with eligible projects that the proceeds of Supported Loans may be used for, including:

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- core technology and equipment costs;
- related costs and expenses;
- certain exclusions; and
- cost attribution and allocation where an eligible project forms part of a broader programme of investment.

The following examples are given as guidance only. The examples have been split into eligible energy efficiency projects and eligible fuel or asset switching projects.

Energy efficiency projects

Cost category	Eligible costs and expenses	Examples (non-exhaustive)
Core technology and equipment costs		
1. Process efficiency equipment	• Equipment • Freight and import	• Efficient heat exchangers
2. Thermal recovery and reuse systems	• Equipment • Freight and import	• Heat recovery systems • Reuse systems
Balance of plant costs		
3. Site electrical infrastructure	• Switchboards • Cabling • Sensors	
4. Mechanical and process integration	• Pipework • Valves • Pumps • Heat exchanger integration	
5. Civil and construction works	• Foundations • Equipment supports • Access structures	
6. Installation and commissioning	• Electrical and mechanical installation • Testing • Commissioning	
7. Controls and automation	• Energy management systems • Automated sequencing • Optimisation software • SCADA systems	
Operational transition costs		
8. Detailed engineering and project delivery	• Detailed engineering design • Energy and process modelling • Project management • Procurement support • Measurement and verification costs	

Fuel or asset switching projects

Cost category	Eligible costs and expenses	Examples (non-exhaustive)
Core technology and equipment costs		
1. Core process equipment	• Equipment • Freight and import	• Electric and electrode boilers • Heat pumps • Biomass boilers • Electric ovens, electric air heaters, electric furnaces or electric direct fired heating • Anaerobic digesters (limited to onsite waste-to-energy systems for use of gas onsite) • Geothermal heat exchangers and heat interface systems • Mechanical vapour recompression (MVR) systems

2. Onsite energy and thermal storage	• Onsite renewable generation and energy storage assets that are primarily intended to support an eligible fuel-switching project or electrified onsite operations, such as:
	  o Battery energy storage systems (BESS)
	  o Thermal storage tanks
	  o Energy management systems
	  o Onsite solar PV systems, associated inverters, and integration equipment
	
	Exclusions:
	• Projects primarily intended to generate revenue through electricity export, wholesale market participation, or grid services
	• Grid-scale storage assets
	• Merchant or export-oriented electricity generation or storage assets
	• Standalone renewable generation projects
		Solar systems that directly support eligible onsite electrification projects that displace reticulated natural gas consumption

Balance of plant costs		
3. Site electrical infrastructure	• Transformers • Switchboards • Cabling and inverters	
4. Utility connection and supply upgrades	• New or upgraded site-specific connection costs • Dedicated substation • Flexible utility interconnection *Exclusions:*	

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Cost category	Eligible costs and expenses	Examples (non-exhaustive)
	• Broader system-wide grid upgrades or network reinforcement costs e.g. transmission lines, shared substations	
5. Mechanical and process integration	• Pipework • Valves • Pumps	
6. Civil and construction works	• Foundations and concrete pads • Building modifications, access platforms • Drainage works	
7. Controls and automation	• Sensors and instrumentation • Metering and monitoring systems • Automation and systems integration	• Energy management systems (EMS), BMS integration • PLCs (Programmable Logic Controllers) • SCADA (Supervisory Control and Data Acquisition)
8. Installation and commissioning	• Electrical and mechanical installation • Commissioning • Functional and performance testing	
9. Onsite fuel handling and distribution infrastructure	• Fuel storage • Conveyers and transfer systems • Internal fuel piping and pressure regulation • Fuel metering systems *Exclusions* • Gas grid injection infrastructure • Fuel production facilities • Export connections	
10. Fire protection and fuel safety systems	• Spark detection • Fire and dust suppression • Explosion venting • Hazardous area systems	Biomass
11. Combustion and emissions management systems	• Burners and combustion systems • Flue gas and exhaust ducting • Emissions control equipment	Biomass, biogas, hybrid fuel systems
Operational transition costs		
12. Gas infrastructure decommissioning	• Removal or capping of gas lines • Decommissioning gas boilers and meters	
13. Detailed engineering and project delivery	• Detailed engineering design • Energy and process modelling • Project management • Procurement support • Front-end engineering design (FEED) is eligible where directly associated with an eligible project *Exclusions:* • Feasibility studies and strategic option assessments	

Cost category	Eligible costs and expenses	Examples (non-exhaustive)
14. Consenting and compliance	• Resource or building consent • Compliance certification • Environmental assessments	

Principles for Cost Attribution and Allocation

The proceeds of a Supported Loan may be used for costs and expenses directly associated with or reasonably attributable to an eligible project. This includes the capital costs of eligible core technology and equipment, associated balance of plant infrastructure, installation, commissioning, and other project costs and expenses that are reasonably required to deliver the eligible outcome.

Where an eligible project forms part of a broader programme of investment, the proceeds of a Supported Loan may only be used for the proportion of costs and expenses reasonably attributable to the eligible project. Costs should be allocated between those that are reasonably attributable to the eligible project and those that are not. This is particularly relevant where an eligible project forms part of a wider capital programme, site modernisation, production expansion, or broader electrification, energy, or decarbonisation programme, or where an eligible asset is installed with materially greater capacity than is required to deliver the eligible project outcome.

Appropriate allocation approaches may be based on:

- Installed capacity;
- Energy consumption or demand;
- Project scope;
- Number of sites or facilities benefiting from the expenditure; or
- Other engineering or commercially reasonable methodologies.

Examples include:

- Engineering or project management costs covering multiple sites may be allocated based on the proportion relating to the eligible project.
- A transformer upgrade supporting both an eligible electrification project and unrelated production growth may be allocated according to the proportion of capacity serving each purpose.
- Solar generation or battery storage systems supporting broader site electricity consumption may be allocated according to the proportion reasonably supporting the eligible project.
- Where an existing gas-fired asset is replaced with a significantly larger asset that also supports future production growth or unrelated operational improvements, costs may be allocated according to the proportion supporting each purpose.

The proposed allocation may be supported by borrower certifications, and engineering, capacity, operational, or financial information, or any other information the Participating Lender may require when making its determination.

4. General Exclusions

The Scheme is intended to support capital investment in projects that reduce or replace reticulated natural gas consumption. The following are not eligible projects or costs under the Scheme:

- supply-side energy production, fuel production, or upstream resource extraction activities;
- public energy infrastructure or broader network assets that are not directly attributable to an eligible project;
- operating expenditure, including energy costs, network charges, fuel costs, maintenance, and other ongoing business operating costs;
- early-stage project development activities, including feasibility studies, option assessments, business case development, and other pre-investment investigations;
- costs associated with reduced production, operational curtailment, lost revenue, workforce restructuring, or other business impacts resulting from changes in output;
- assets or infrastructure primarily intended for electricity trading, electricity export, wholesale market participation, or the provision of grid services;
- costs that cannot be reasonably attributed to an eligible fuel-switching or energy-efficiency outcome;
- costs associated with unrelated business expansion or production growth; and
- costs relating to activities that are otherwise outside the scope of these Guidelines.

Incidental electricity export, demand response participation, or demand flexibility capability associated with an otherwise eligible project does not, by itself, make the project ineligible.