New Zealand Solar Energy Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 95 pages | Mordor Intelligence

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Report description:

The New Zealand solar energy market is expected to register a CAGR of more than 3.5% during the forecast period, 2022-2027. COVID-19 has led to disruption in the supply chain due to lockdown measures taken by various countries worldwide. However, in New Zealand, the solar energy sector did not witness any major impact. Though the industry had not seen any significant impact, solar developers faced some disturbance in imports of solar modules from countries like China and South Korea. Factors such as the declining cost of solar power technology, improved installation processes, and gaining interest in distributed solar power generation are likely to increase the demand for the solar energy market. However, due to the slow growth of solar, increased support and investments in alternative clean energy sources such as hydro, geothermal, wind, biomass, etc., is expected to slow down the development of the solar energy market during the forecast period.

Key Highlights
The utility sector is expected to have significant growth during the forecast period, owing to the increasing number of solar projects during the forecast period.
New Zealand plans to increase the share of renewables from 80% in 2020 to 95% in 2035 and 100% by 2050 in its power generation mix. This is likely to create immense opportunities for the solar energy market players soon.
This involves a massive investment in renewables, including solar energy. The solar power share in the country is expected to grow from just 0.2% in 2020 to about 1.7% in 2030. Due to population growth and the rising electrification of heat and transport, the power demand is likely to rise from 42 TWh in 2020 to 70 TWh by 2050. Such a scenario, in turn, is expected to create vital opportunities for solar power players in the future.
The rising adoption of alternative clean energy sources is expected to hamper the growth of the solar energy market during the forecast period.

New Zealand Solar Energy Market Trends

Utility Sector to Witness a Significant Growth

The New Zealand solar energy market is expected to have the utility sector as its dominating segment due to the declining cost of solar generation technology and numerous upcoming solar power projects during the forecast period.
The utility segment of the solar energy market has been witnessing considerable growth in recent years in New Zealand. In 2020, the power generation from solar reached about 159 GWh recording an increase of 25% compared to the 127 GWh in 2019. Most of this solar generation is from utility-scale solar power plants.
The government has set an ambitious target of increasing the renewables share from 80% in 2020 to 90% in 2025 and 95% in 2035. Such targets are likely to see significant investments in the country's solar energy industry in the coming years.
Several utility-scale solar projects are already either proposed or in the construction phase in the country. For instance, in December 2021, Lodestone Energy, the country's largest solar energy company, announced plans to build five solar farms across the upper North Island. The project plan involves 500,000 solar panels over 500 hectares of land, providing solar energy to Dargaville, Kaitaia, Whakatane, Edgecumbe, and Whitianga. The USD 300 million worth of solar farm projects is scheduled to be in operation by the end of 2023, which will together provide about 1% of the country's electricity supply.
Therefore, based on the factors mentioned above, the utility sector is expected to see considerable development in the country's solar energy market during the forecast period.

Rising Adoption of Alternative Clean Energy Sources to Restraint the Market

Solar energy in New Zealand is not growing like wind, geothermal, and hydropower. The prime reason behind it is expected to be the higher potential of wind energy, cheaper electricity generation from geothermal, and matured hydroelectric business in the country.
As of 2020, New Zealand had total wind energy generating potential of more than 11 GW. The hydroelectric sector in New Zealand was established before 1980. Hence, such a scenario made solar a minor renewable sector in the New Zealand electricity generation market.
Though the price of solar system installation and its importance to the government are likely to support the growth of solar energy in the country, with the upcoming wind energy projects, the sector is expected to have a smaller share in the country's future electricity mix.
As of 2020, New Zealand had around 5400 MW of hydro energy, 991 MW of geothermal energy, and 689 MW of wind energy. With upcoming projects like Castle Hill Wind Farm, Kaiwera Downs Wind Farm, and Mahinerangi Wind Farm - Phase 2, the country is expected to increase its electricity generation capacity from wind during the upcoming years.
In July 2020, the New Zealand government announced to spend USD 30 million to investigate a potential USD 4 billion hydro scheme in Central Otago to reduce the dependency on coal and gas-fired electricity generation.
Therefore, owing to the above points, the rising adoption of alternative clean energy sources is expected to restrain the solar energy market's growth during the forecast period.

New Zealand Solar Energy Market Competitor Analysis

The New Zealand solar energy market is partially fragmented. Some of the major companies include Meridian Energy Ltd, JA Solar Holdings, Trina Solar Co. Ltd, JinkoSolar Holding Co. Ltd, and New Zealand Solar Power Ltd.

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Table of Contents:

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