

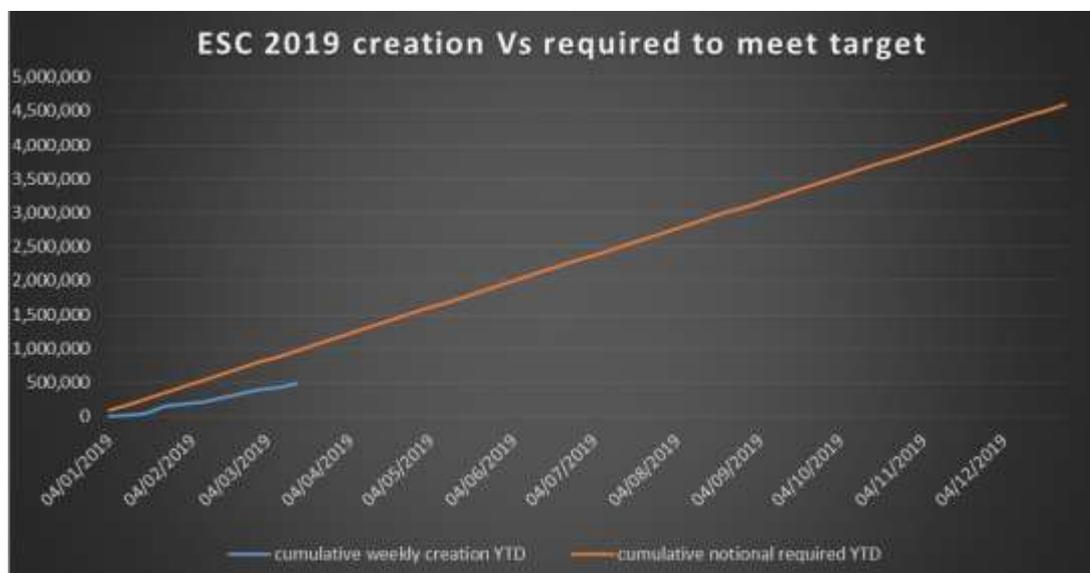
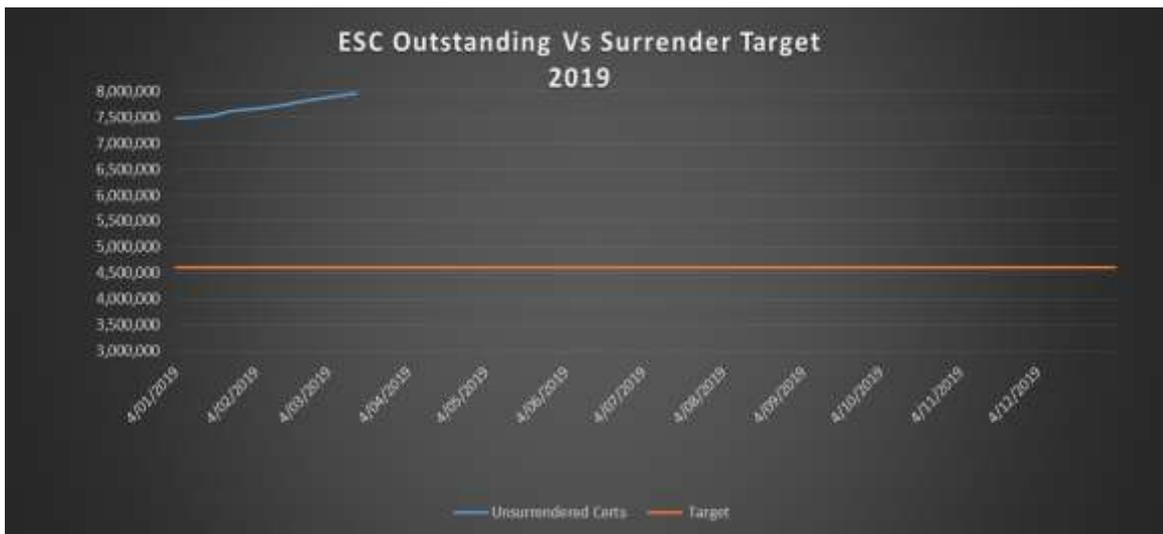
NSW ESCs

ESC creation rose slightly while buying pressure ahead of the 2018 surrender deadline at the end on April saw market prices rise, despite the large number of certificates in the registry.

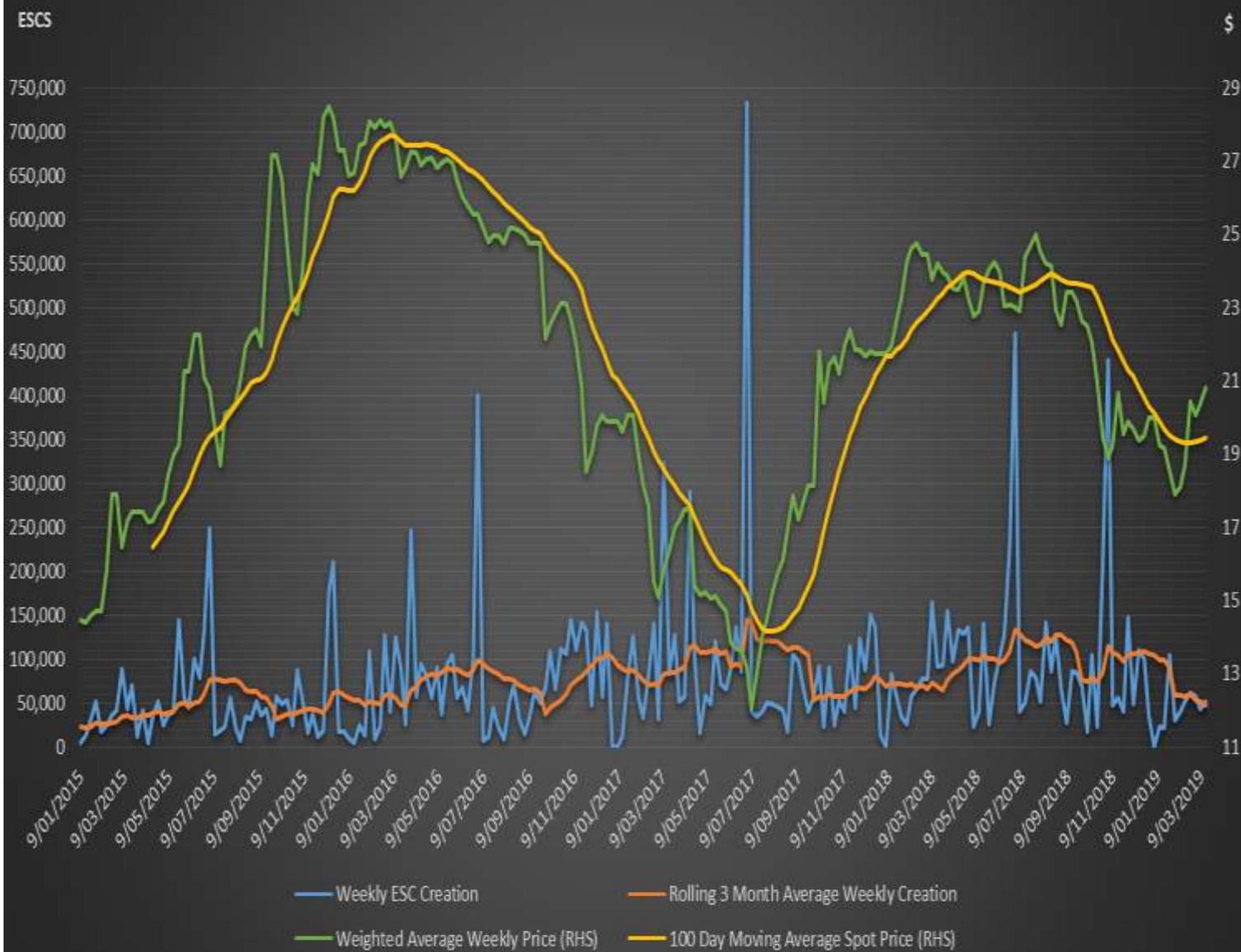
New ESC registrations totalled 51,500 this week.

The spot market saw 40,000 certificates trade. The opening price of \$20.80 was 40 cents higher than last week's close and we reached a mid-week high of \$21.30 before closing at \$21.00.

In the forward market 65,000 ESCs were traded for delivery between April and December this year. The forward curve was flat with all forward trades dealing at the prevailing spot price.



WEEKLY ESC CREATION - ALL SOURCES



Weekly Traded Spot Volume

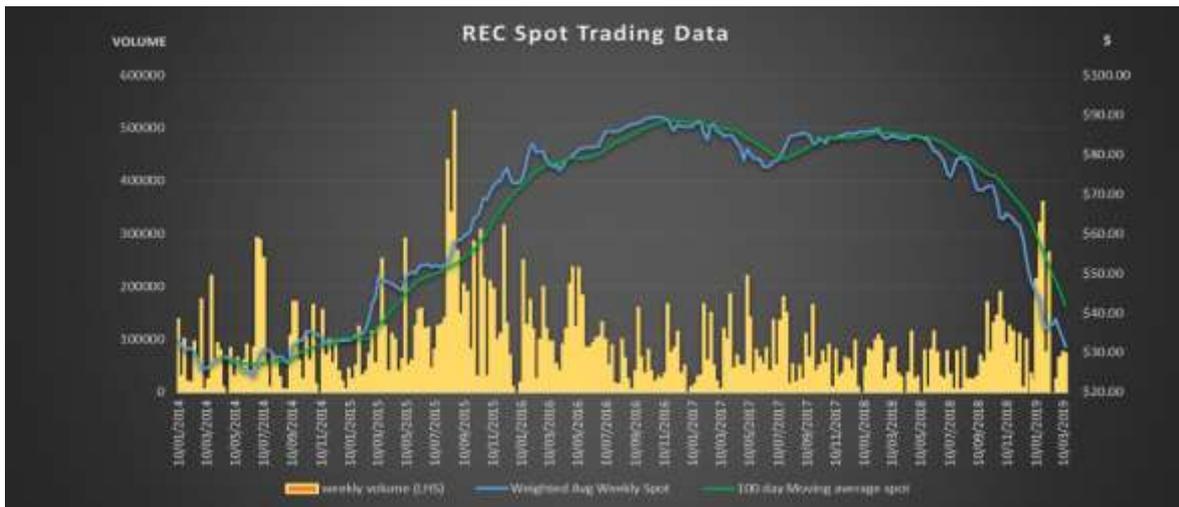


Renewable Energy Certificates

The LGC price curve flattened out this week with declines in the price of certificates in the near end while future maturities gained in value.

The spot market opened 25 cents lower than last week, at \$31.50, and then rose back to \$32.00 before selling kicked in again and we declined steadily to close at the week's low of \$31.00 on turnover of 73,000 certificates.

Calendar 2019 (February 2020 delivery) also fell, opening at \$32.10 and closing at \$31.90 for a drop of 85 cents on the week. A total of 100,000 LGCs traded there. Calendar 2020 went the other way, opening at \$20.50 and gaining all week to finish \$2.30 up, at \$22.30, on turnover of 100,000 LGCs. Calendar 2021 added 75 cents, opening at \$13.50 and closing at \$14.00 on turnover of 65,000 certificates. The Calendar 2022 contract initially dropped 50 cents to open at \$10.00 but finished unchanged at \$10.50 on volume of 22,000 LGCs.



Small Technology Certificates (STC)

The Clean Energy Regulator released the surrender target for 2019 and prices fell as a result.

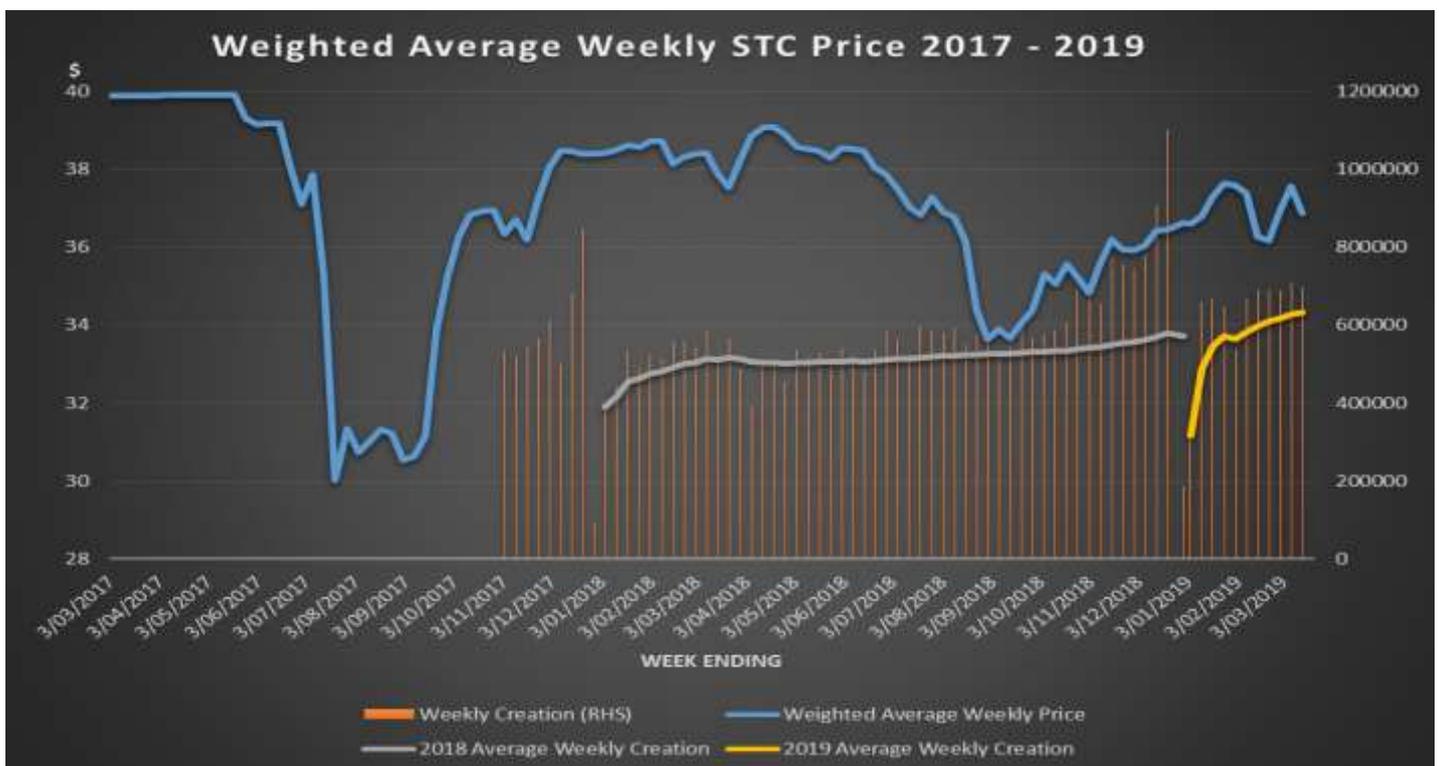
For the past few years the government has waited until the last day of March to publish the STP, Small Technology Percentage, the number of certificates that will need to be surrendered by retailers for the year. Breaking with this tradition, the number was published on Tuesday morning, taking the market somewhat by surprise.

The number was on the low end of expectations, at 21.73%, meaning that electricity retailers must furnish STCs to the value of 21.73% of the MWhs they sell for the year. This equates to 37.5 million certificates which is comprised of a carry over surplus of 7.9 million from 2018 and an expected creation for the year of 29.6 million. This works out to a creation rate of 569,000 per week which is considerably below the 660,000 weekly average so far this year.

Market prices fell as a result of the announcement but then pared back the losses as buying activity continued going into the first surrender period of the year which is due by the 28th of April. The first target comprises 35% of the annual total, or 13.12 million STCs. There are about 14 million certificates in the registry at the moment and we would expect that another 3 million or so will be created between now and then but the size of the target causes a weight of buying interest to keep prices elevated. It is to be expected that after the deadline the surplus of certificates will continue to grow and put downward pressure on prices, especially as both parties in the upcoming NSW election have pledged extra support for rooftop solar.

Spot prices opened the week unchanged at \$37.55 and rose to \$37.75 before the STP publication on Tuesday morning. Subsequently sellers pushed the price to a low of \$36.20 before it crept back up again to close the day at \$36.75. Further buying throughout the week saw the price steadily increase to a close at \$37.10. Reported turnover was 450,000 STCs.

The forward market saw 1.375 million certificates reported dealing for delivery between April this year and February 2020. These trades were struck broadly in line with the prevailing spot price, starting out between \$37.60 to \$37.70 and then after the STP announcement dropping back to around \$36.50 before closing the week at \$37.00.



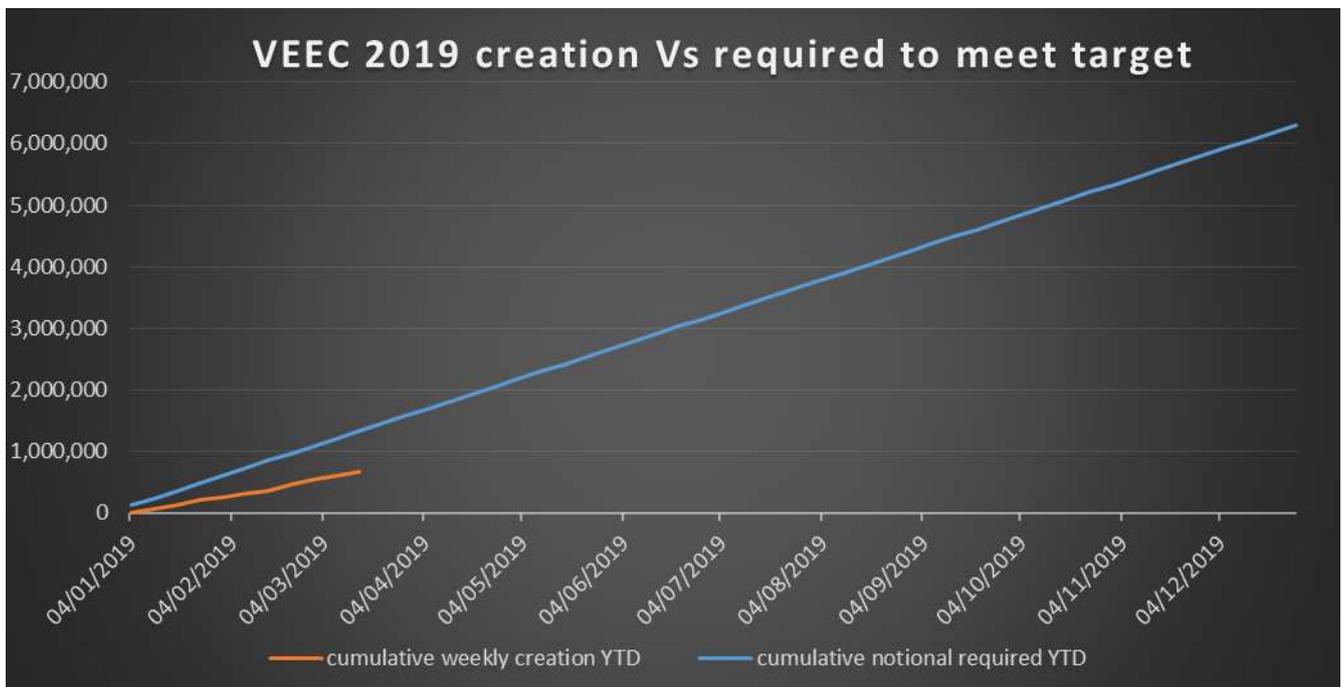
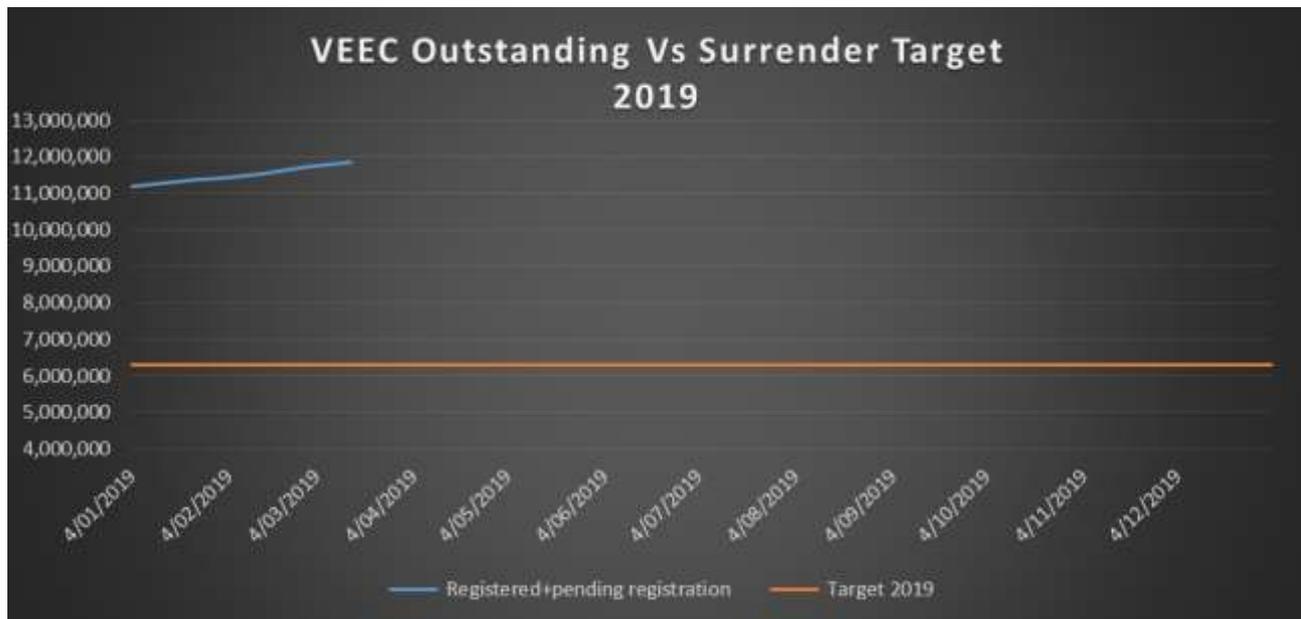
VIC VEECs

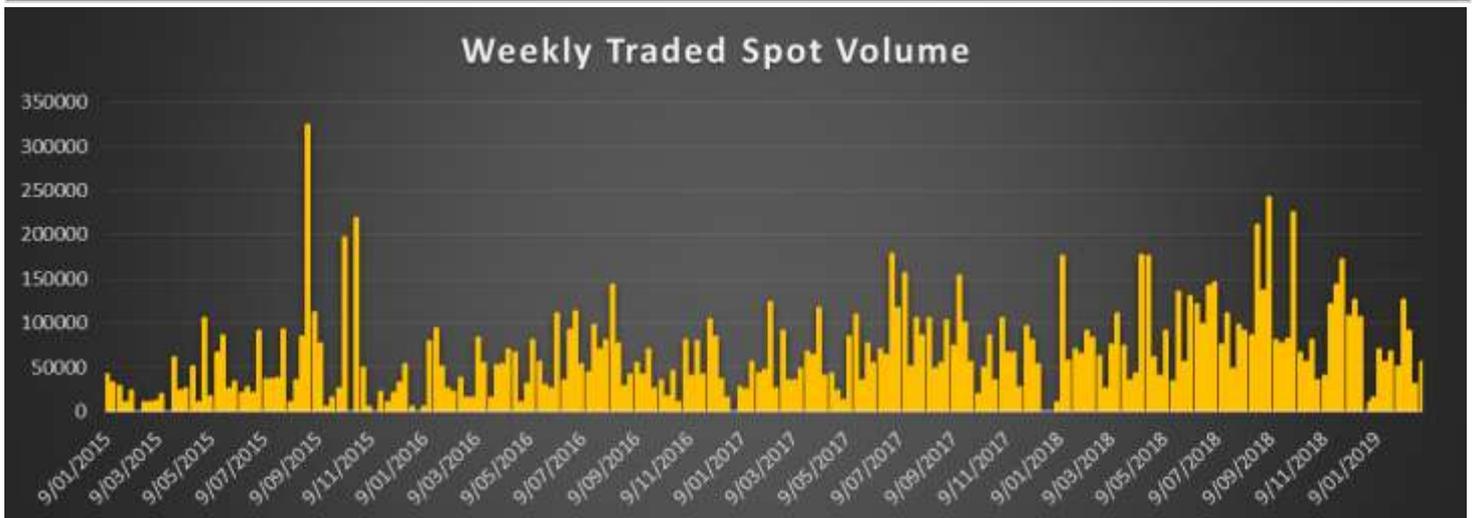
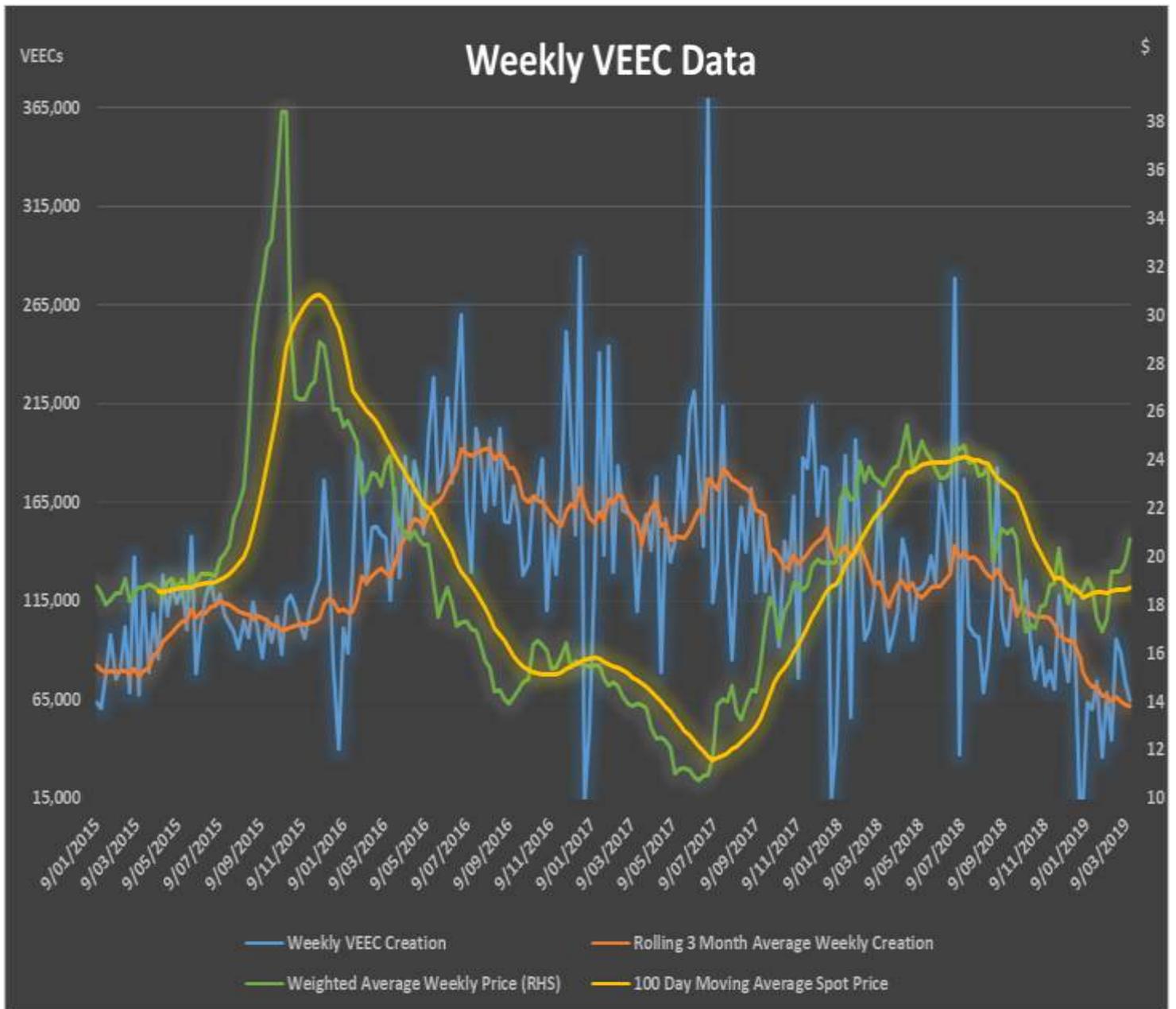
VEEC creation dropped and market prices rose in holiday shortened trading.

New VEEC registrations came in at 64,250 bringing the number in the registry to 11.85 million, just 550,000 shy of the sum needed to meet 2019's surrender obligations.

Monday was a holiday in Victoria and the spot market never got out of holiday mode with only one trade reported for 5000 VEECs at \$20.70, a jump of 50 cents from last week's finish.

The forward market was busier with 85,000 certificates dealing for delivery between April this year and March 2020. The premium to the spot price rose along the curve with April settlements gaining 10 cents, the rest of 2019 adding around 30 cents and 2020 maturities gaining between 50 and 60 cents.





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