

CERTIFICATE REPORT

05/06/2020

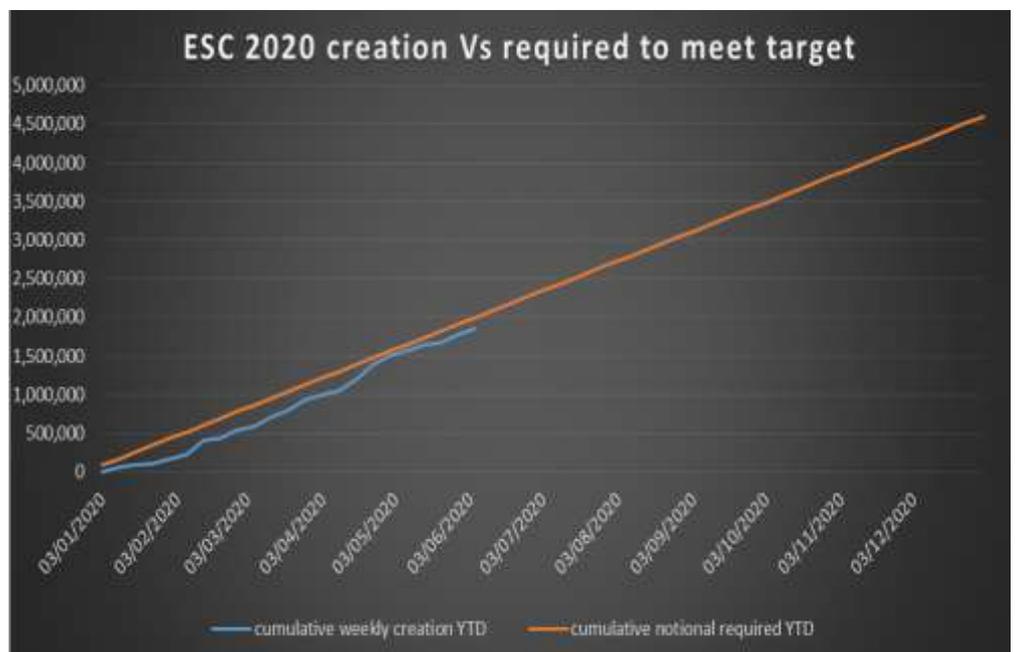
NSW ESCs

ESC creation dropped this week as did market prices.

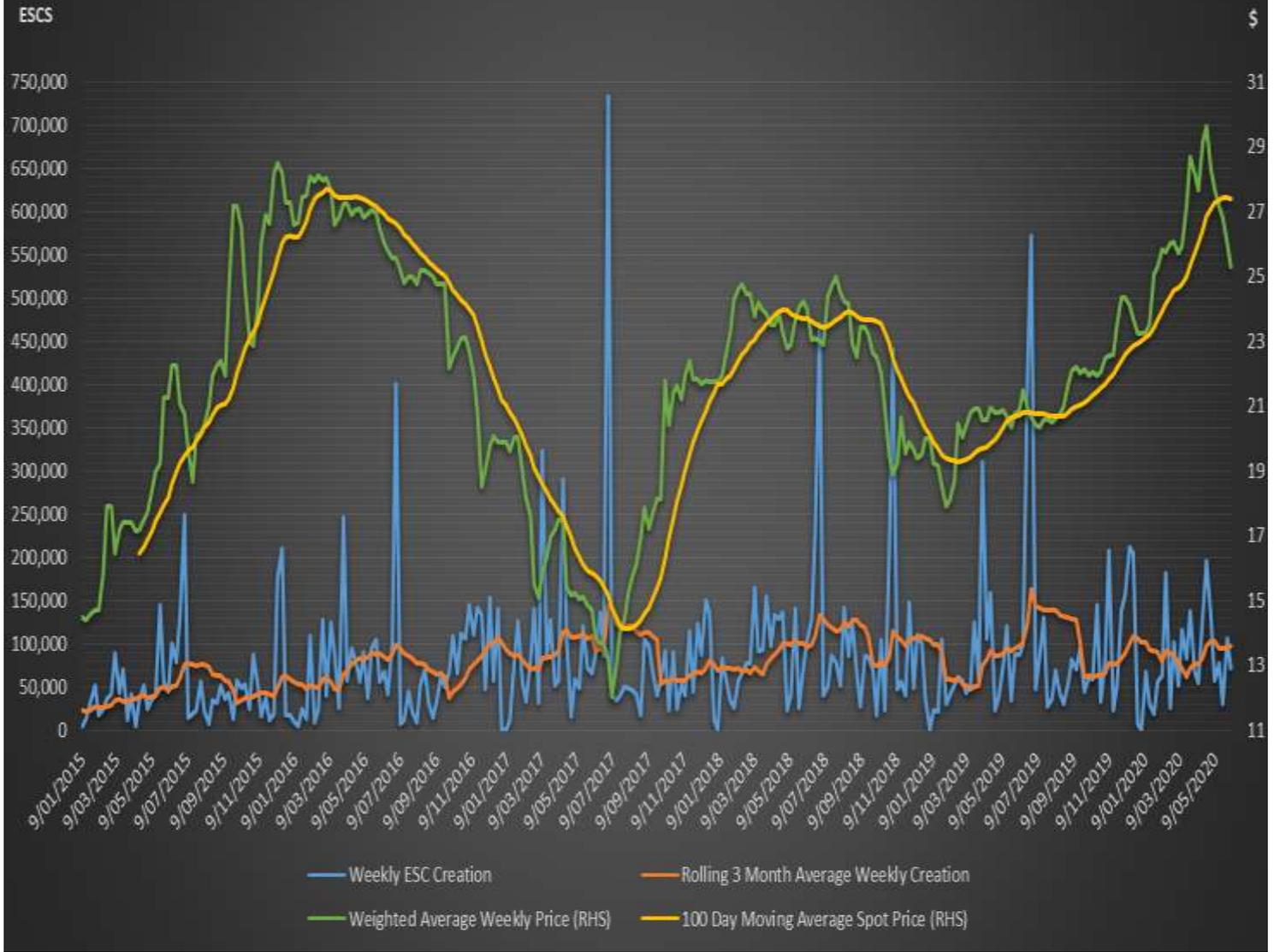
New certificate registrations dropped to 71.400 this week, bringing the number of ESCs in the Registry to over five million, versus the surrender target of 4.6 million.

Spot trading opened 35 cents lower than last week, at \$25.60, and the price continued dropping to a low of \$24.75 before buyers stepped in to return us to the initial \$25.60 level at closing. Turnover totalled 99,000 ESCs.

In the forward market 65,000 certificates traded for delivery between later this month and September this year, all at prices flat to the prevailing spot level.



WEEKLY ESC CREATION - ALL SOURCES



Weekly Traded Spot Volume



Renewable Energy Certificates

LGC prices rose this week in the front half of the forward curve.

The spot market opened at \$33.25, a rise of 20 cents from last week. It appears that the market is optimistic for an economic recovery and that will lead to a larger surrender target for LGCs than was expected only a few weeks ago. The energy markets seem to support this conjecture with contracts for electricity for financial year 20/21 rising \$3.00 - \$4.00 over the past week or so. The LGC price continued to rise all week, closing at \$34.40 on volume of 80,000 certificates.

The Calendar 2020 (February 2021 delivery) contract traded similarly, gaining \$1.00 to close at \$34.25 on turnover of 45,000 LGCs. Calendar 2021 gained the most, rising \$1.65, closing at \$28.50 on volume of 110,000 LGCs. Calendar 2022 bucked the trend to close at \$20.50, a drop of 50 cents on turnover of 15,000 certificates while Calendar 2023 dealt 100,000 LGCs at an unchanged \$10.10.



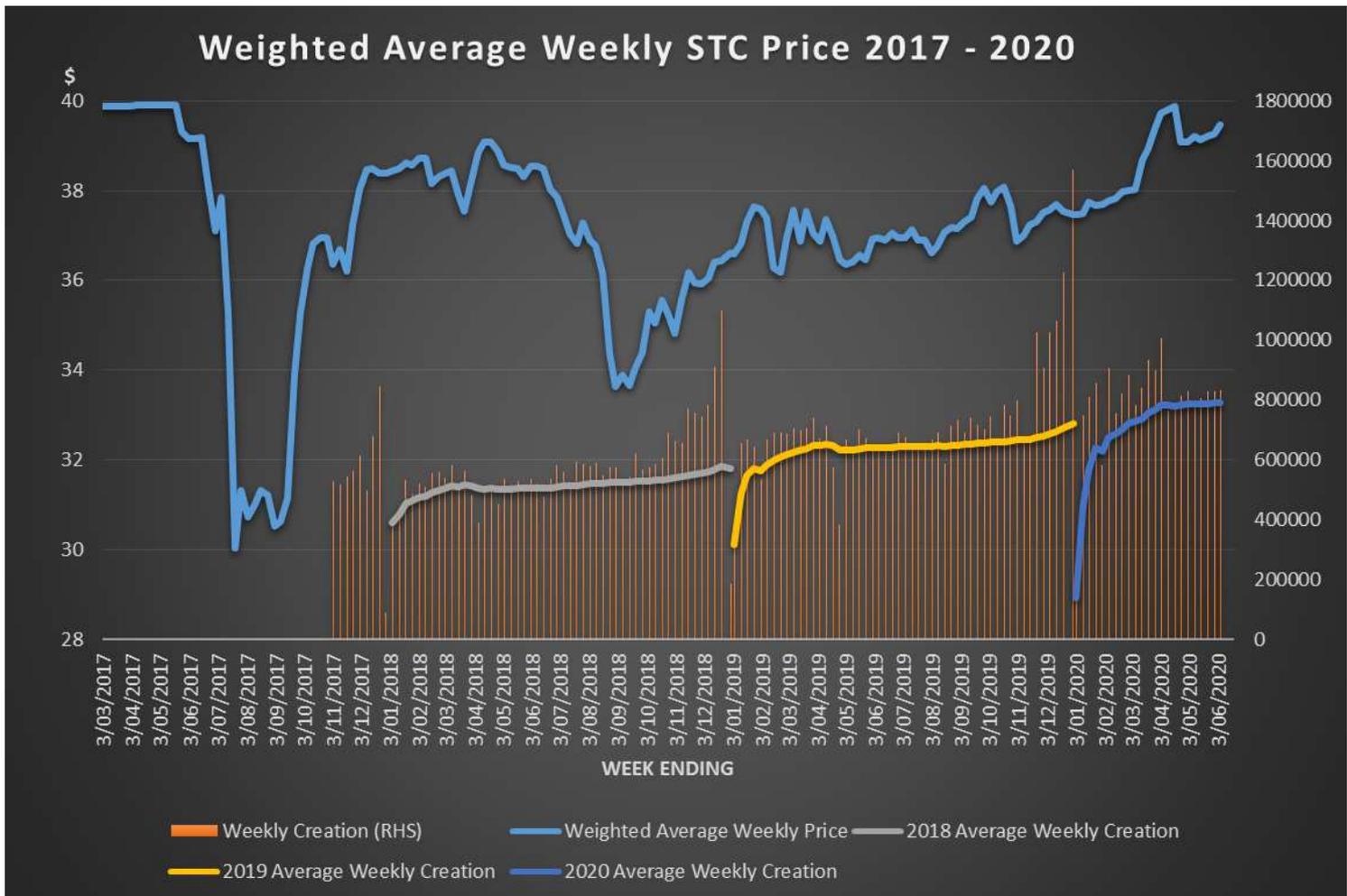
Small Technology Certificates (STC)

STC creation was again unchanged while the price continued to grind higher.

New submissions to the CER came in almost unchanged at 833,300.

Spot trading opened at an unchanged \$39.30. Initially we dropped to \$39.25 but then the price moved higher all week to close at \$39.65 on turnover of 151,000 STCs.

The forward market saw 171,000 certificates trade for delivery from the end of June to October this year. Trades settling in July attracted a premium of around 10 cents over the prevailing spot price while all other periods dealt in line with the spot price.



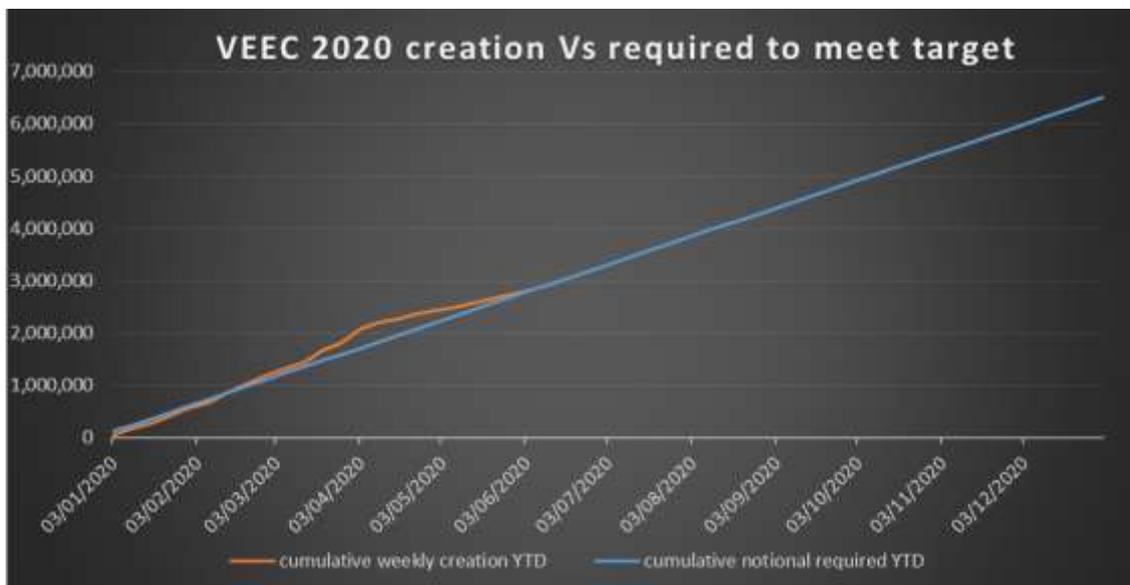
VIC VEECs

Market prices plunged in reaction to the Victorian government's belated announcement of next year's surrender target.

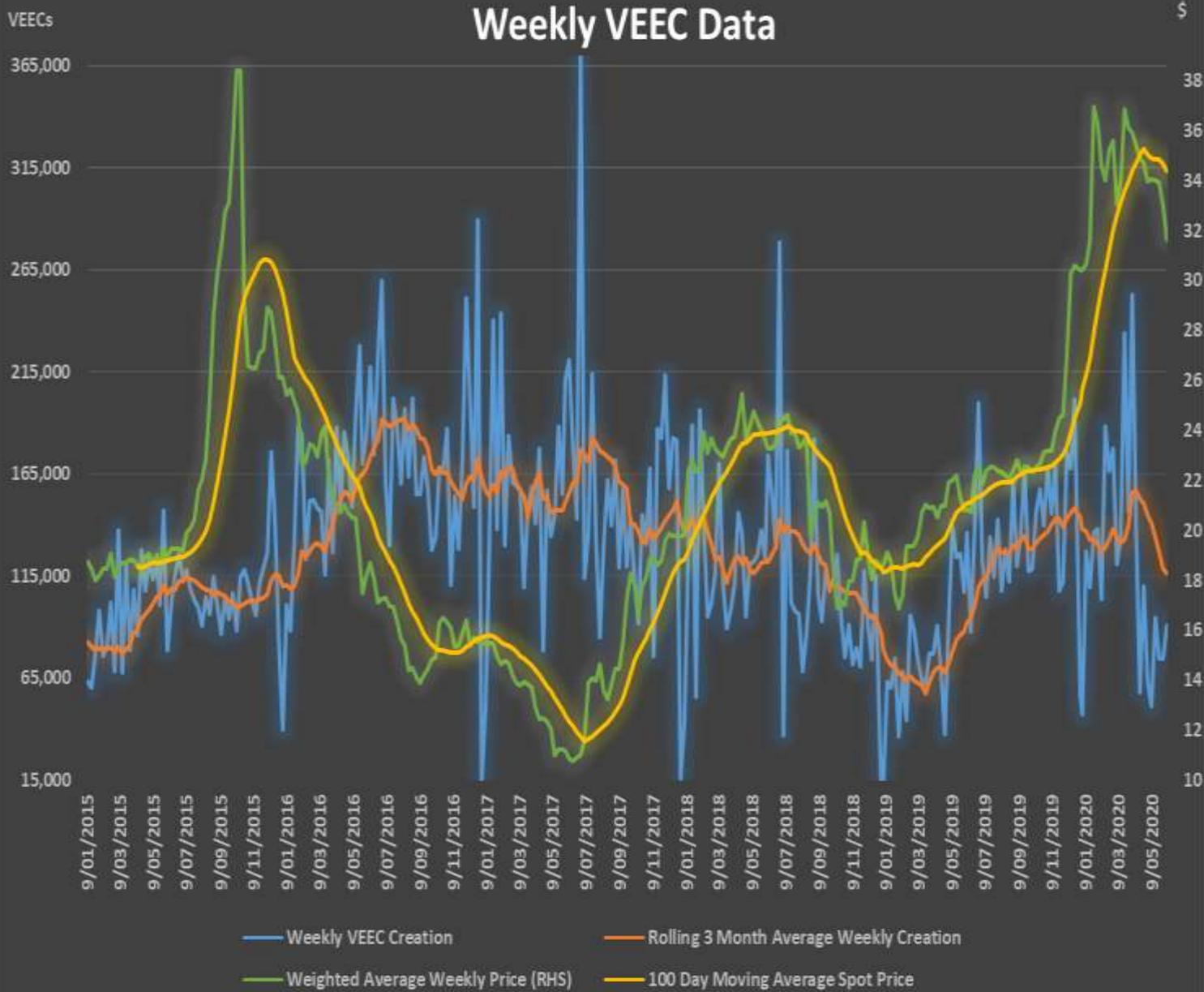
VEEC creation rose to 90,000 this week.

After the market had closed on Tuesday the Essential Services Commission announced that the surrender target for 2021 would be set at the same number as for this year, 6.5 million, and, more importantly, that there would only be 'minimal changes' made to the scheme in light of the turmoil caused by the Wuhan lung rot. This set the stage for frenetic trading on Wednesday with the spot price dropping from the week's opening, unchanged, level of \$33.10 down to the low of \$29.00. At that level market bulls raised a spirited defence, referring to the fact that the ESC had still not issued their ruling on the future of Commercial Lighting in the scheme. This got the price back to \$32.00 before more selling led to a close at \$30.80 on turnover of 157,000 VEECs.

The forward market saw the most action with just over 2.1 million certificates trading for delivery between July 2020 and December 2021. Most of this occurred on Wednesday. The shape of the curve was in a considerable state of flux as the spot market boiled over but by week's end all forward trades were dealing in line with the prevailing spot level.



Weekly VEEC Data



Weekly Traded Spot Volume



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