

CERTIFICATE REPORT

02/10/2020

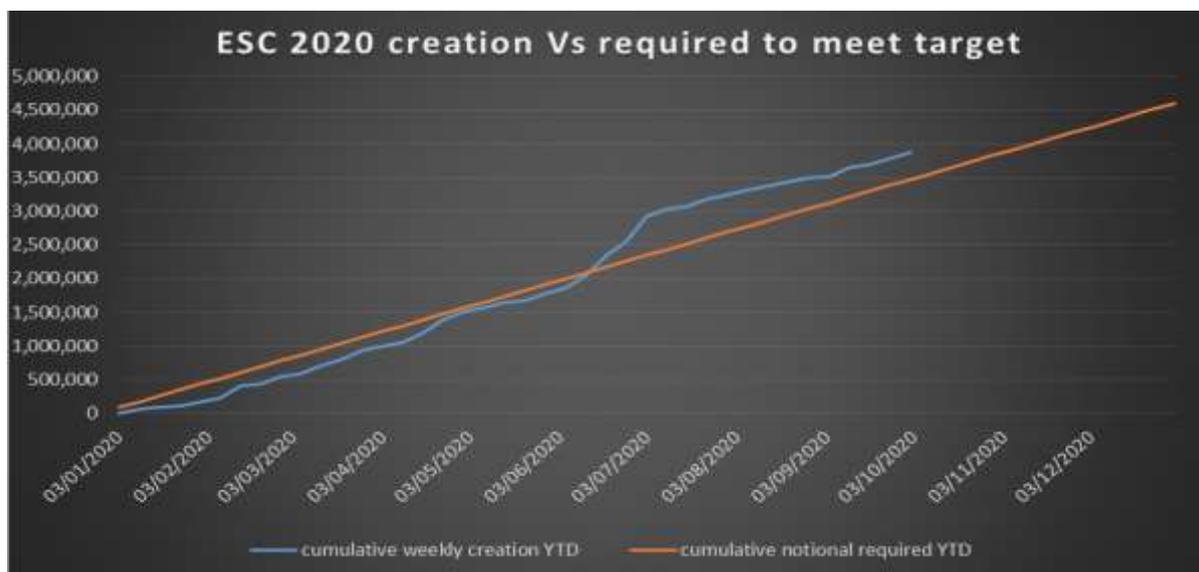
NSW ESCs

ESC creation fell a little while certificate prices ended the week lower.

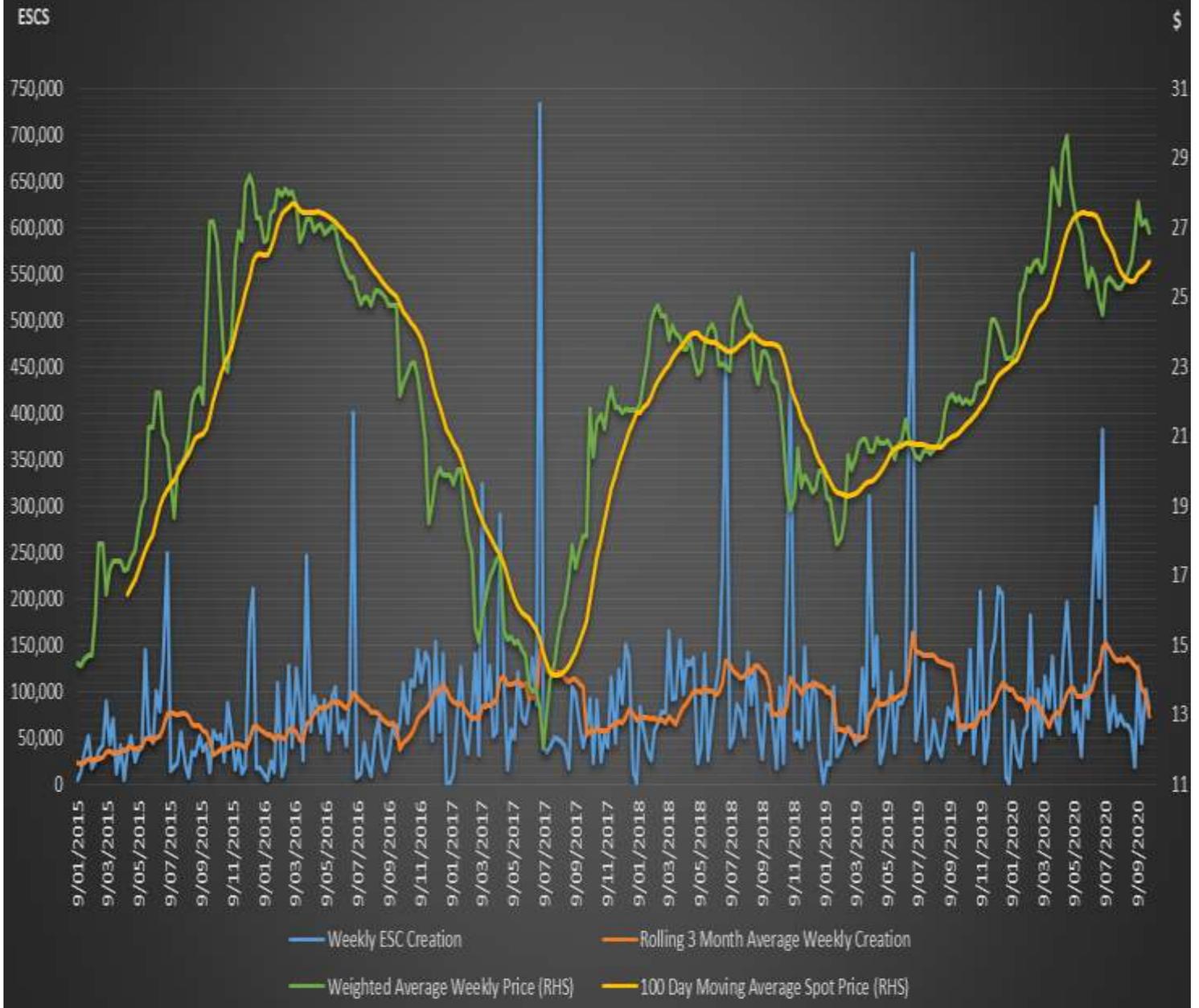
New ESC registrations totalled 82,000 bringing the total number in the Registry to over seven million, a comfortable surplus over this year's surrender target of 4.6 million.

Spot trading opened unchanged at \$27.10 but the price drifted lower all week from there to close at \$26.70 on volume of 82,000 ESCs.

The forward market was quiet again with only one trade reported, 5000 certificates trading at \$26.80 for delivery in late October, in line with the then spot price.



WEEKLY ESC CREATION - ALL SOURCES



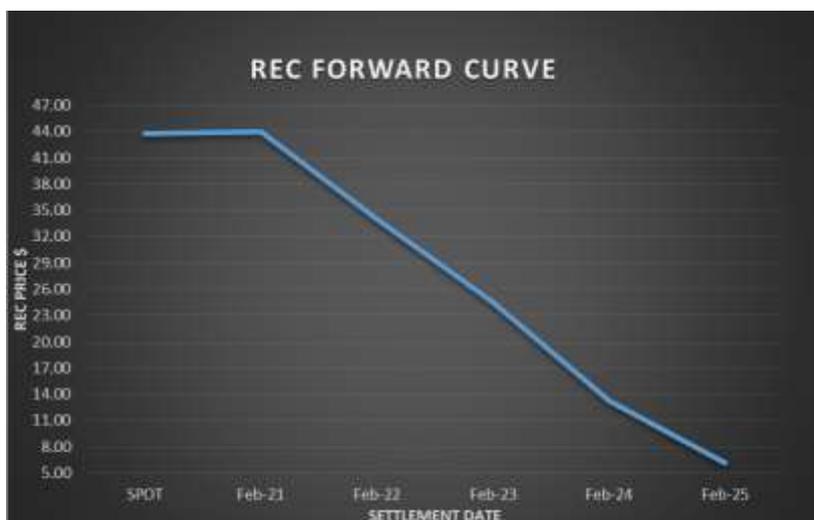
Renewable Energy Certificates

LGC prices fell throughout the curve this week, although they closed off their lows in the front end.

The recent arm wrestle in the spot/Calendar 20 part of the market was evident again this week as selling interest saw the first spot trade posted at \$43.50, a fall of \$2.50 from the last deal. From there we quickly reached the low for the week, at \$43.00, whereupon the buyers got back in charge and the price rallied to a high at \$44.60. This was the last trade for the week but subsequent deals in the calendar 2020 contract shows the market dipped again subsequently and the closing spot level was around \$43.75. Volume was high with 213,000 LGCs changing hands.

Calendar 2020 (February 2021 delivery) followed the same pattern, opening at \$43.50 and falling to \$43.00 before rebounding to a high of \$44.25. The price slipped a little from there to close at \$44.00, a drop of \$1.00 on the week. Turnover totalled 100,000 certificates.

Calendar 2021 fell the most, opening at \$33.50 and closing at \$34.00, a fall of \$2.50. Turnover here was fairly light with only 25,000 LGCs reported trading. Calendar 2022 shed 50 cents to close at \$24.50 on turnover of 65,000 certificates.



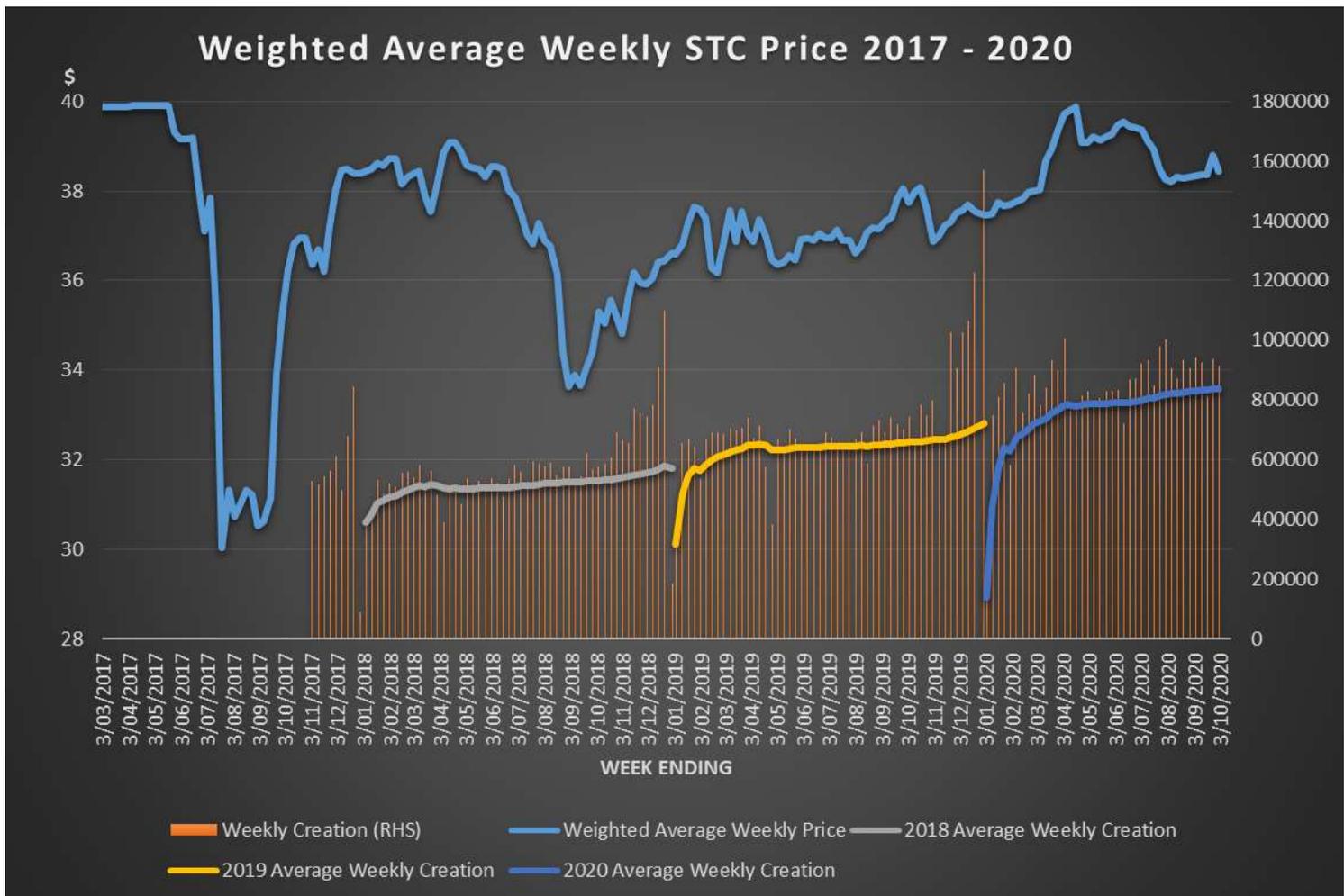
Small Technology Certificates (STC)

STC creation remained strong while the weight of supply finally weighed upon market prices.

Submissions to the CER were little changed this week, coming in at 916,000. This continues to add to the considerable surplus for the year.

Spot trading opened 5 cents lower at \$38.55 and the price ground lower throughout the first half of the week. The pressure of all the new certificates finally told with sellers pushing the price lower on Thursday and Friday and we closed at the week's low of \$38.20 on turnover of 532,000 STCs.

The forward market was very active with 645,000 certificates trading for delivery from mid October this year to July 2021. Trades settling in the rest of this year traded mostly in line with the prevailing spot price while those for 2021 started the week dealing at \$38.55 but this had fallen to \$38.45 by week's end.



VIC VEECs

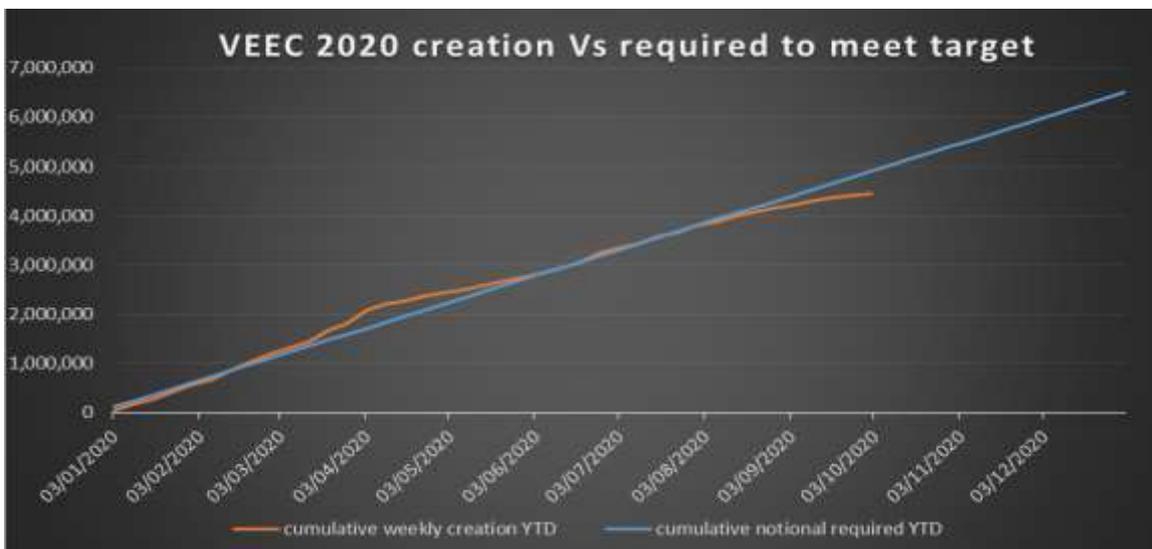
VEEC creation fell again while certificate prices closed the week higher following an announcement from the Essential Services Commission.

VEEC registrations are, perhaps, showing the effects of the COVID restrictions, falling again to come in at 39,500.

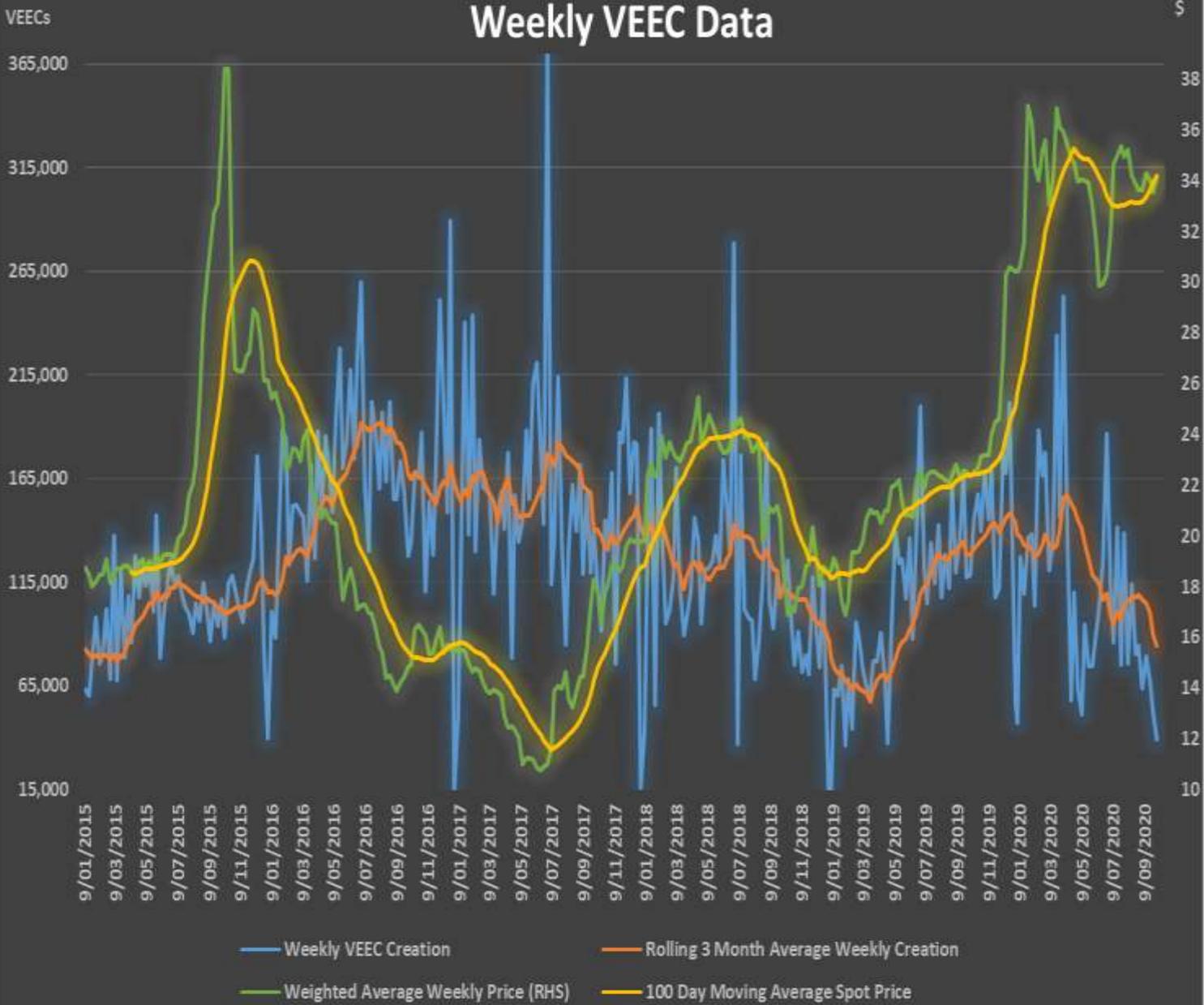
Market prices initially responded to Gauleiter Dan's announcement of loosening COVID restrictions that, on examination, turned out to be no loosening at all. Then on Wednesday the government finally published their long delayed decision on the future of Commercial Lighting in the VEEC scheme. The document opened with a statement that 93% of certificates are created from this category and then announced that creation would be severely curtailed from March 2021 and effectively abolished by January 2022. The details can be found at [https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.vic-engage.files/6516/0144/3948/Victorian Energy Upgrades Lighting Activities Issues Paper - Response to Consultation.pdf](https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.vic-engage.files/6516/0144/3948/Victorian_Energy_Upgrades_Lighting_Activities_Issues_Paper_-_Response_to_Consultation.pdf)

The spot market opened 40 cents higher at \$33.40 but the initial enthusiasm waned and the price fell to the weeks' low of \$33.00 before the Lighting announcement. After that the price jumped and quickly reached the high of \$35.60 before settling only slightly lower, at \$35.25. Turnover totalled 240,000 VEECs.

The forward market was the most frantic with 979,000 certificates trading for delivery between mid-October and December 2021. Initially the curve was flat but the prospect of certificate creation drying up after 2021 now has trades settling in the rest of this year gaining a premium of around 20 cents, rising to \$1.00 by the end of 2021.



Weekly VEEC Data



Weekly Traded Spot Volume



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