

CERTIFICATE REPORT

11/12/2020

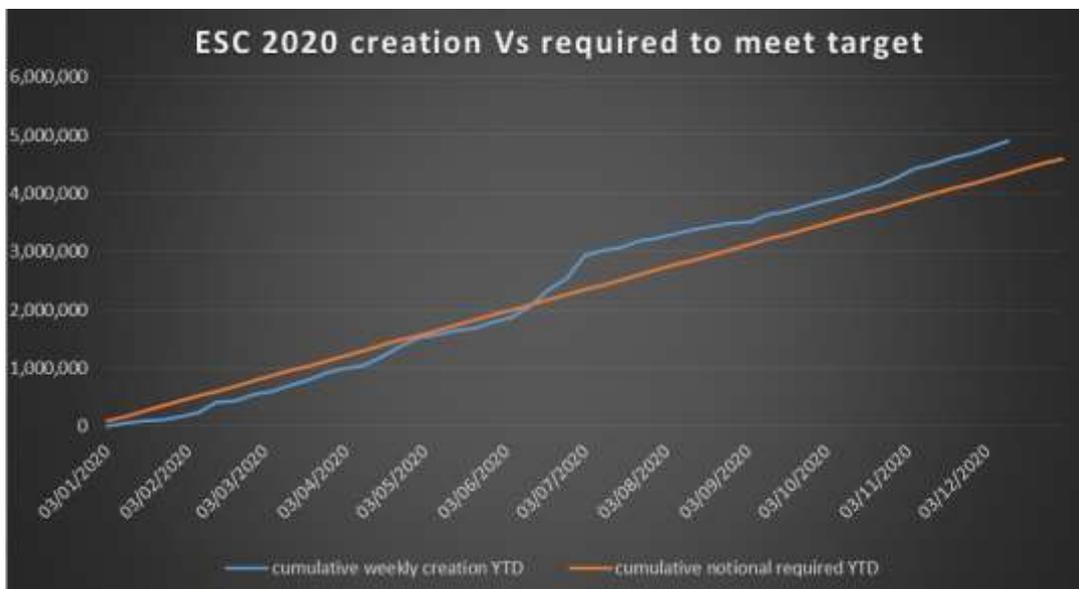
NSW ESCs

Certificate creation was in line with last week’s lofty level while market prices rose.

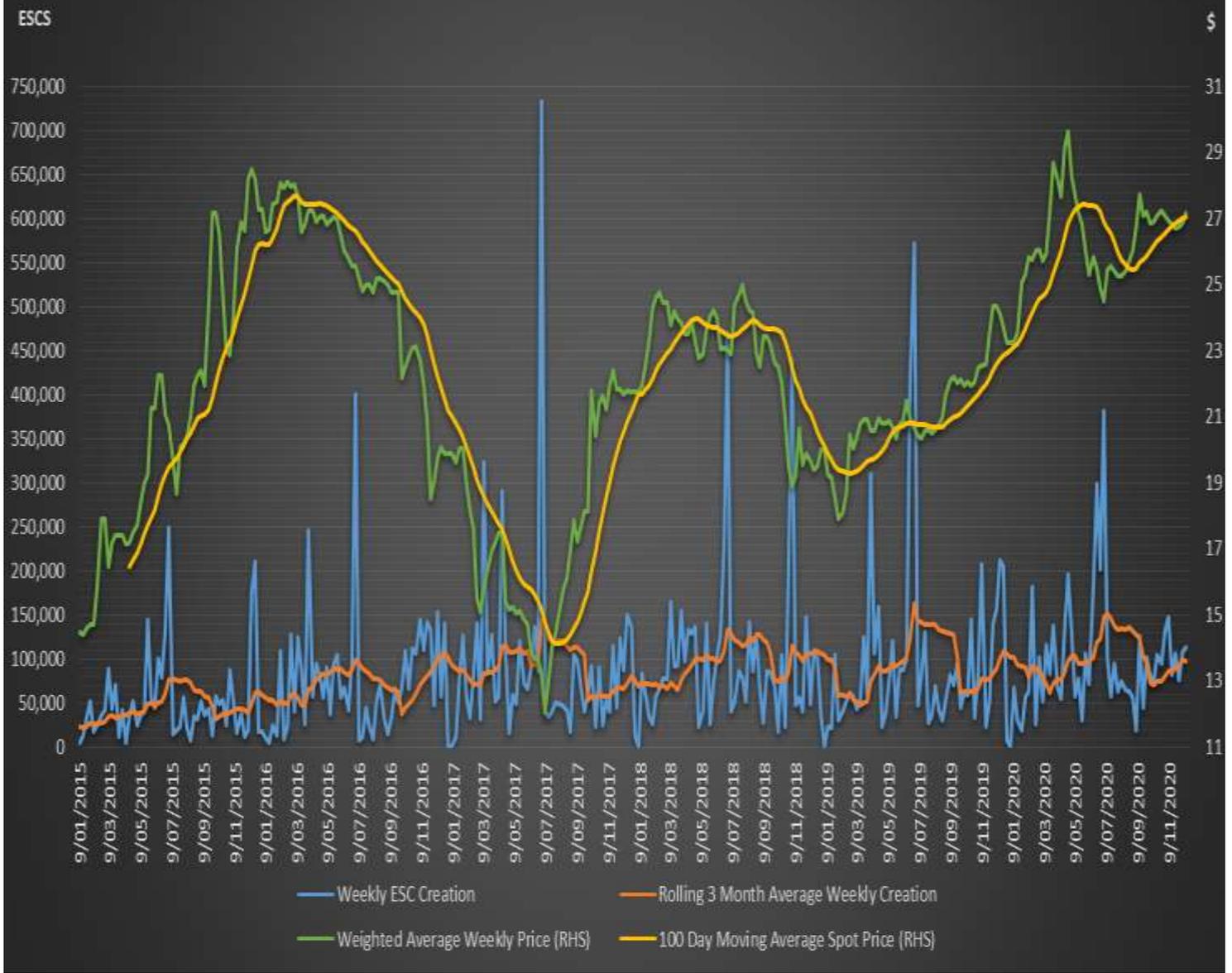
ESC registrations continue to be robust with 112,600 newly minted certificates this week.

The spot market was the most active it has been in several months with 163,000 certificates changing hands. The price opened 10 cents up over the prior close, at \$27.00, and continued to grind higher all week to close at \$27.30.

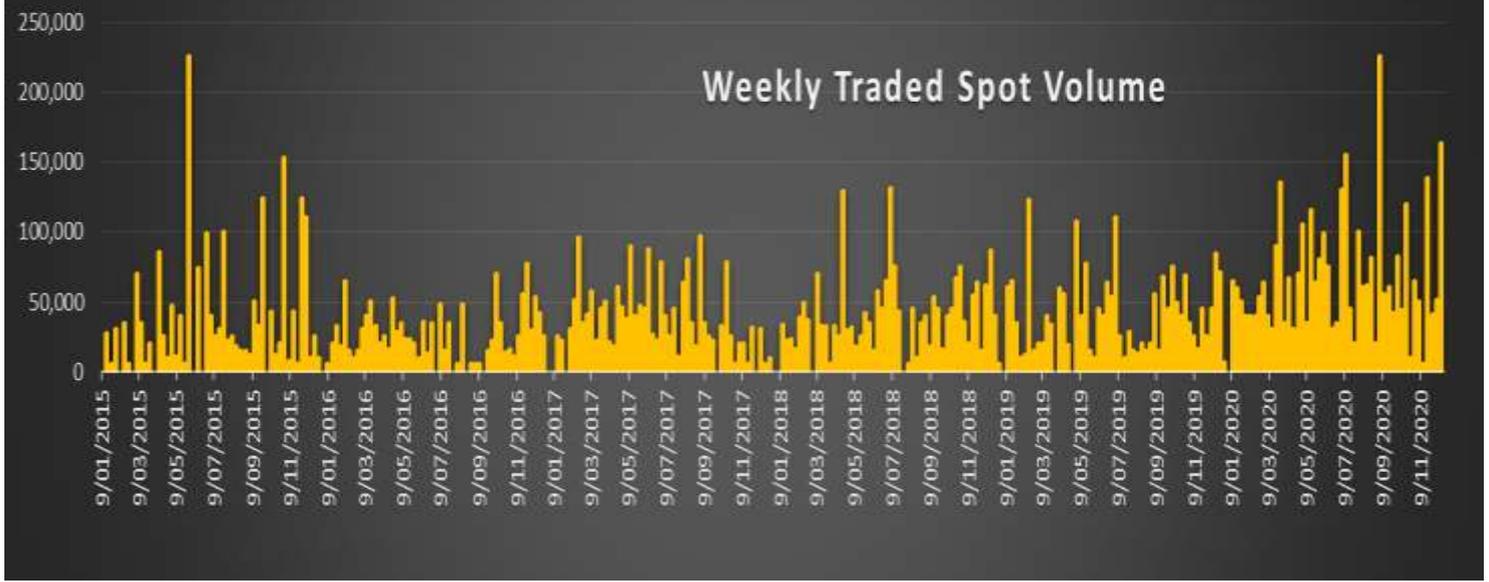
The forward market saw 10,000 ESCs deal for delivery in January and February 2021 at \$27.00, in line with the spot price at the time.



WEEKLY ESC CREATION - ALL SOURCES



Weekly Traded Spot Volume



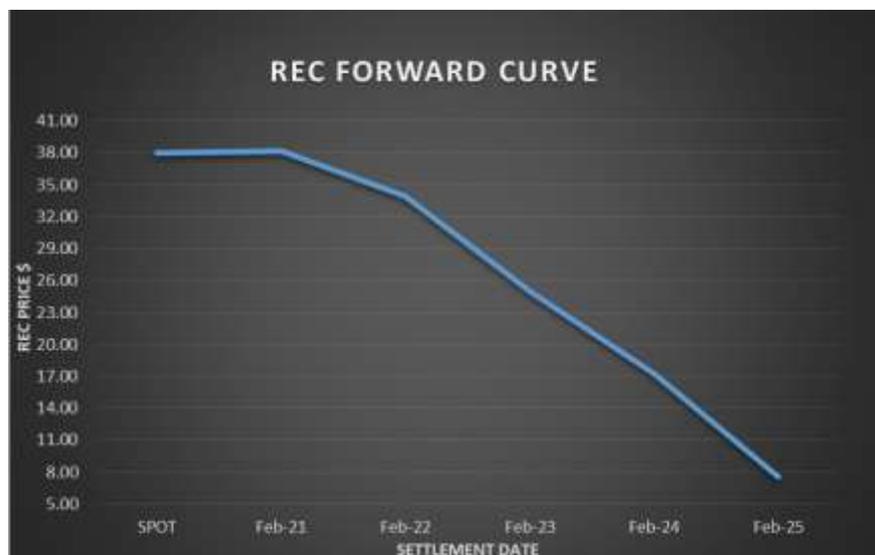
Renewable Energy Certificates

LGC prices closed little changed despite some movement during the week.

The spot market opened 5 cents lower, at \$37.95, and continued to fall until it hit the week's low of \$37.00. We did a quick about turn here and headed higher to finally finish at an unchanged \$38.00 on turnover of 233,000 LGCs.

Calendar 2020 (February 2021 delivery) followed the same pattern, opening at \$37.25 but rallying to close at \$38.10 on volume of 80,000 certificates.

Calendar 2021 rose 10 cents, closing at \$33.90 on turnover of 110,000 certificates. Calendar 2022 saw 10,000 LGCs deal at \$25.00, a fall of 25 cents. Calendar 2023 continued to advance, adding 75 cents on the week, opening at \$16.65 and closing at \$17.25 on reported turnover of 65,000 LGCs. Calendar 2024 traded 15,000 certificates at \$7.60, a gain of 10 cents.



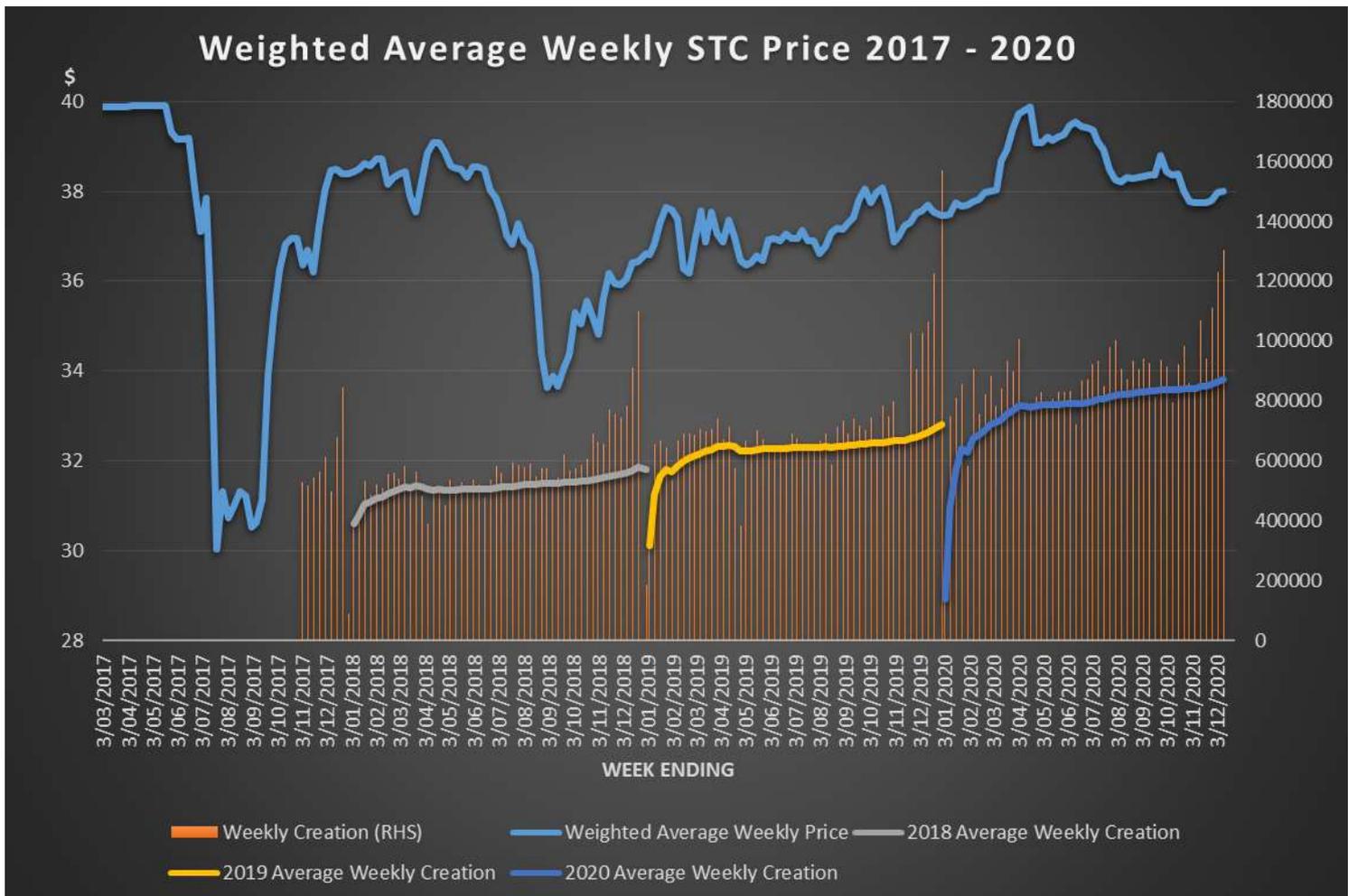
Small Technology Certificates (STC)

STC creation again rose as did the spot price.

Submissions to the Clean Energy Regulator jumped again this week, coming in at 1.3 million, the third week in a row of the highest creation so far this year.

Just like last week, the surge in supply had no effect on the spot market which opened at an unchanged \$37.95 but rapidly rose to the week's high of \$38.05, before settling at \$38.00 on turnover of 297,000 STCs.

Forward trading was again sluggish with only 15,000 certificates trading for delivery from January to March next year. These deal were struck at \$38.10.



VIC VEECs

VEEC creation continues to consolidate following the lifting of COVID restrictions but this week a long awaited announcement from the Essential Services Commission roiled the market.

New VEEC registrations came in at 98,600 this week, continuing the run of solid numbers that suggest that the market is recovering from the recent shutdown.

On Tuesday the ESC finally released the long awaited announcement about the Scheme's future beyond 2021. As a stop-gap measure due to the Chinese Pestilence they had previously announced that the target and penalty price for 2021 would be the same as 2020. Now they have released the targets and penalty rates for 2022 – 2025. The full document can be seen at <https://engage.vic.gov.au/victorian-energy-upgrades/targets>

The penalty price was originally proposed to increase to \$112. Instead a progressive increase will occur, beginning at \$70 in 2021 and increasing to \$80 in 2022 and \$90 in 2023, at which point a review will occur. The Emissions Factor had initially been prescribed to reduce from 1.09 to 0.81 in early 2021, before a guarantee of no change until 1st July 2021 was given by the department. That figure will now change to 0.95 on 1st July and reduce further to 0.81 on the 1st Feb21.

Although these changes were a watering down of the previous positions, and the market had been anticipating the release, VEEC prices nonetheless reacted strongly to the news.

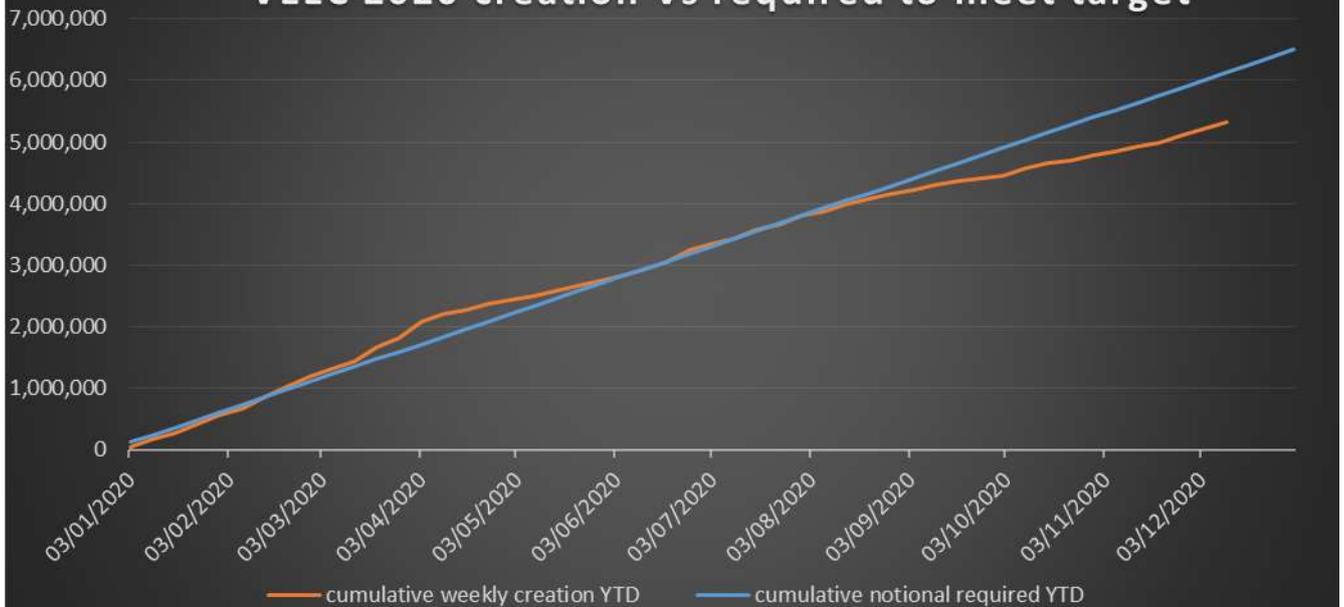
The spot market had already opened 70 cents higher, at \$37.70, and rocketed higher on Tuesday after the announcement to reach a high of \$42.30 by the end of the week, though subsequent quotations would put the closing level closer to \$42.00. Turnover totalled 127,000 certificates.

The forward market saw 400,000 certificates deal for delivery between January 2021 and August 2022. By the end of the week deals settling in the first half of 2021 were dealing at \$42.45, a premium of around 45 cents over the spot level, while further maturities traded at \$43.00.

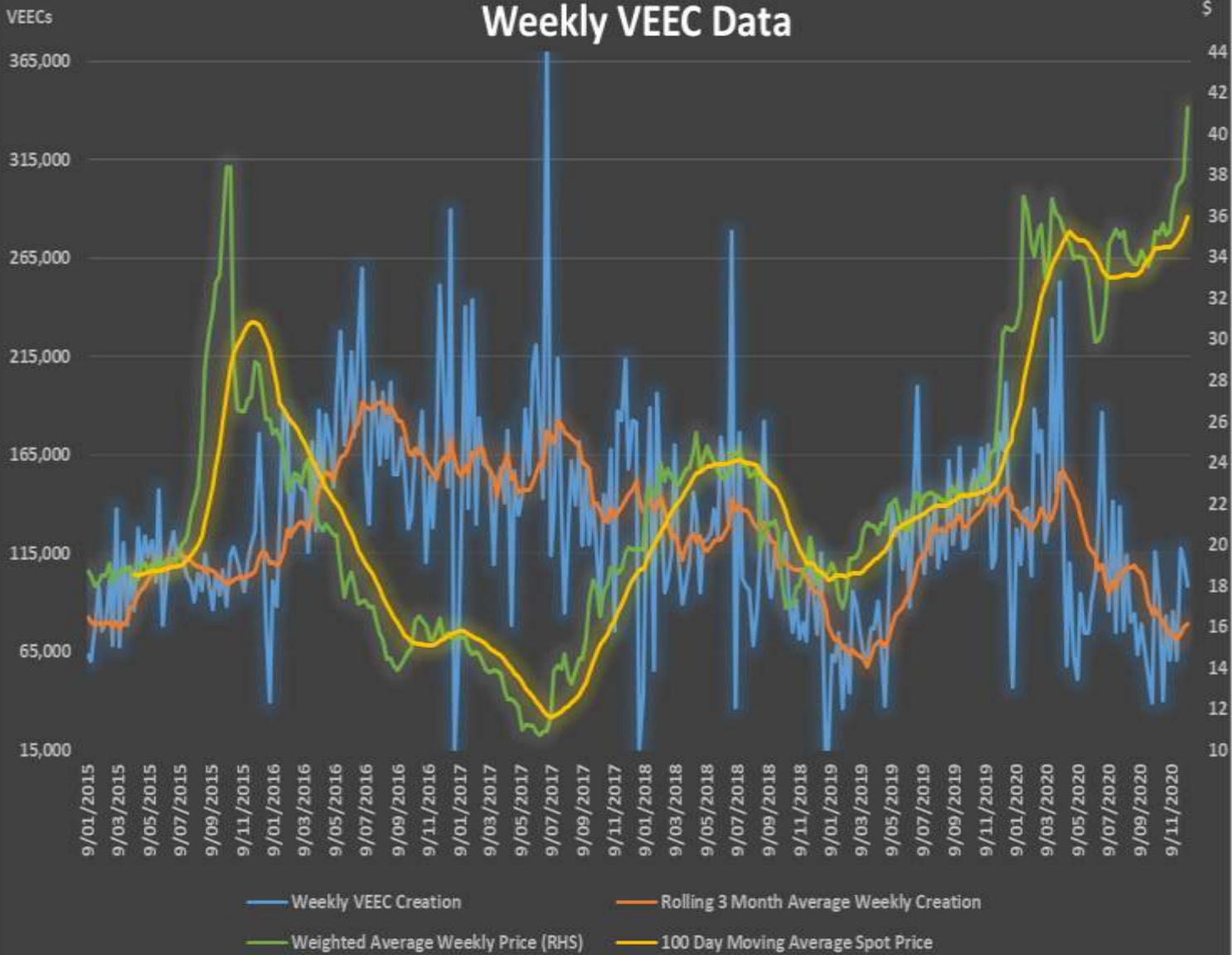
VEEC Outstanding Vs Surrender Target 2020



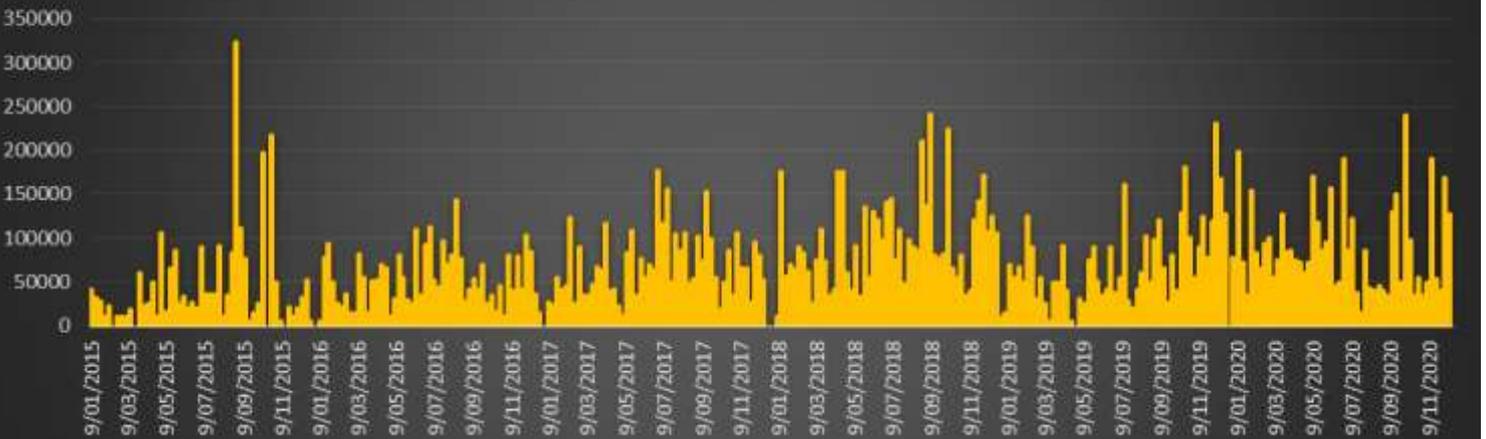
VEEC 2020 creation Vs required to meet target



Weekly VEEC Data



Weekly Traded Spot Volume



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