

**CERTIFICATE REPORT**

**March 2022**

**ACCU**

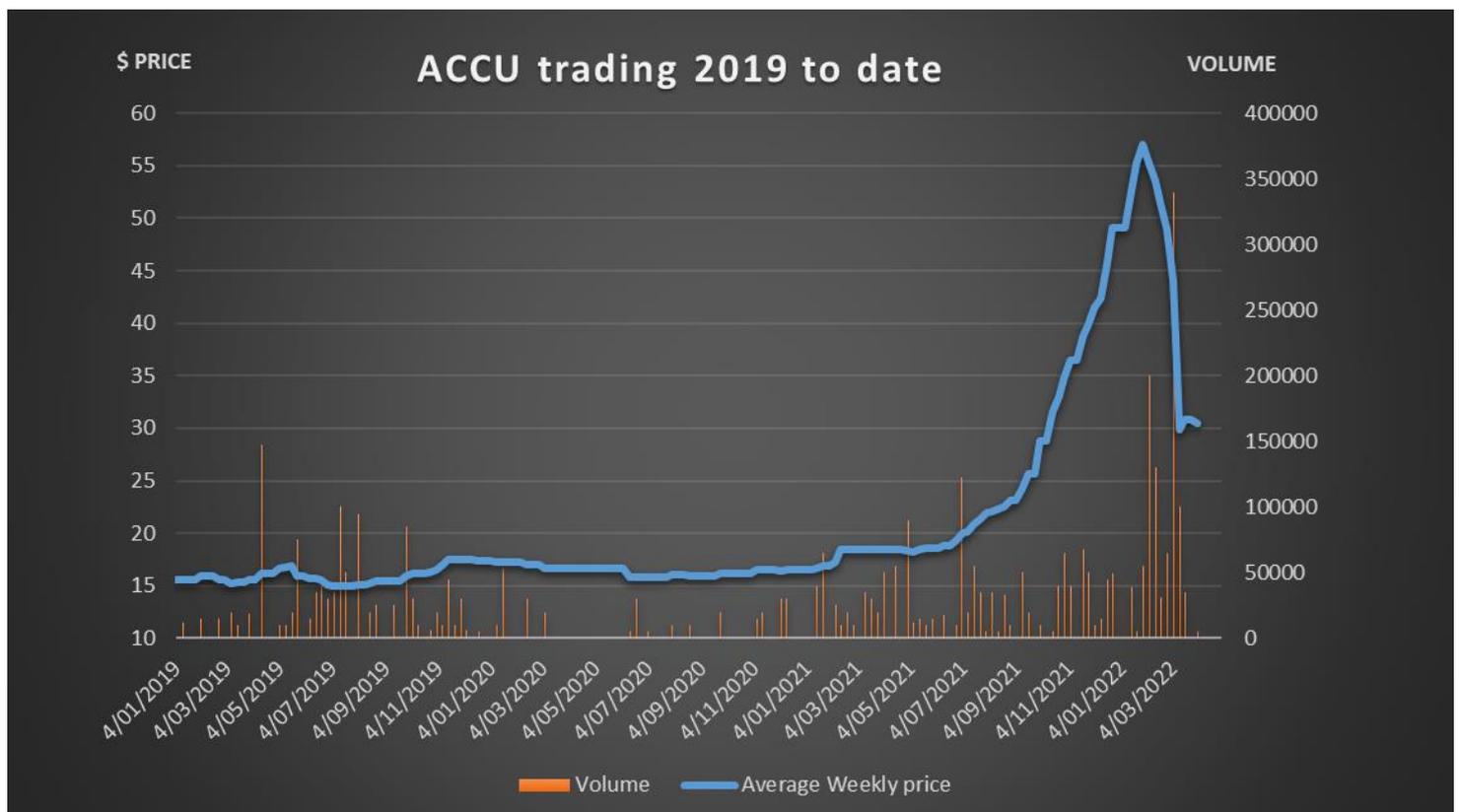
**ACCU** prices plunged on a change in policy from the Federal Government.

On March 4<sup>th</sup> the government announced that anyone who had contracted to sell their ACCUs into the Emissions Reduction Fund could pay a break fee and instead sell into the traded market for certificates.

There are currently about 112 million ACCUs to be delivered at an average price of around \$12.00. The break fee has been set at \$12.00 per certificate so as long as the market price is above \$24.00 it will make sense for participants in the ERF to forego delivering there and selling into the retail market.

The spot market had already softened a bit towards the end of February and opened March little changed at \$48.25. Following the release of the new policy the price plunged to a low of \$29.00 before recovering, only slightly, to finish the month at \$30.50 on volume of 415,000 ACCUs.

The forward market was very quiet with just 10,000 certificates dealing for delivery in March 2023 at \$32.00.



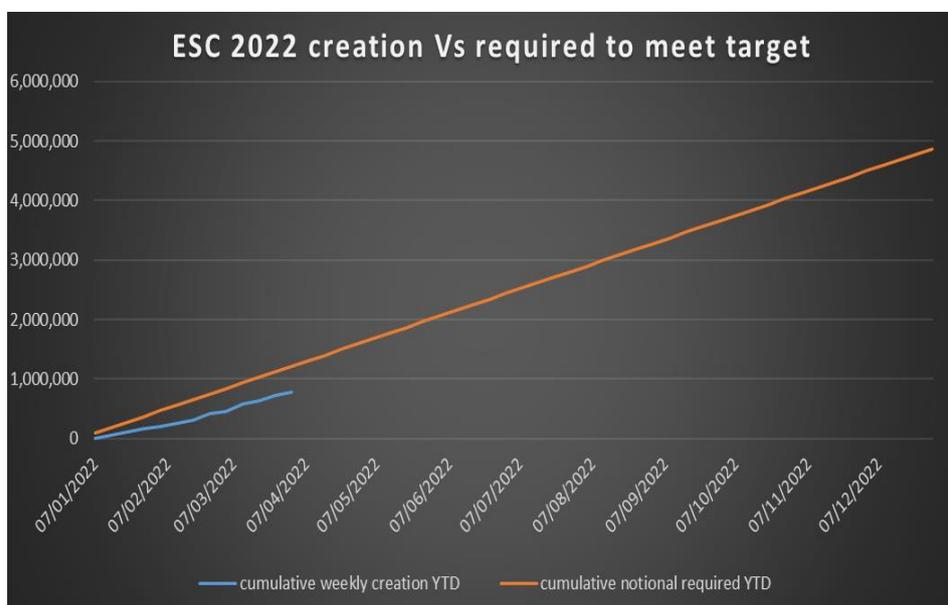
# NSW ESCs

ESC creation rose this month while certificate prices declined.

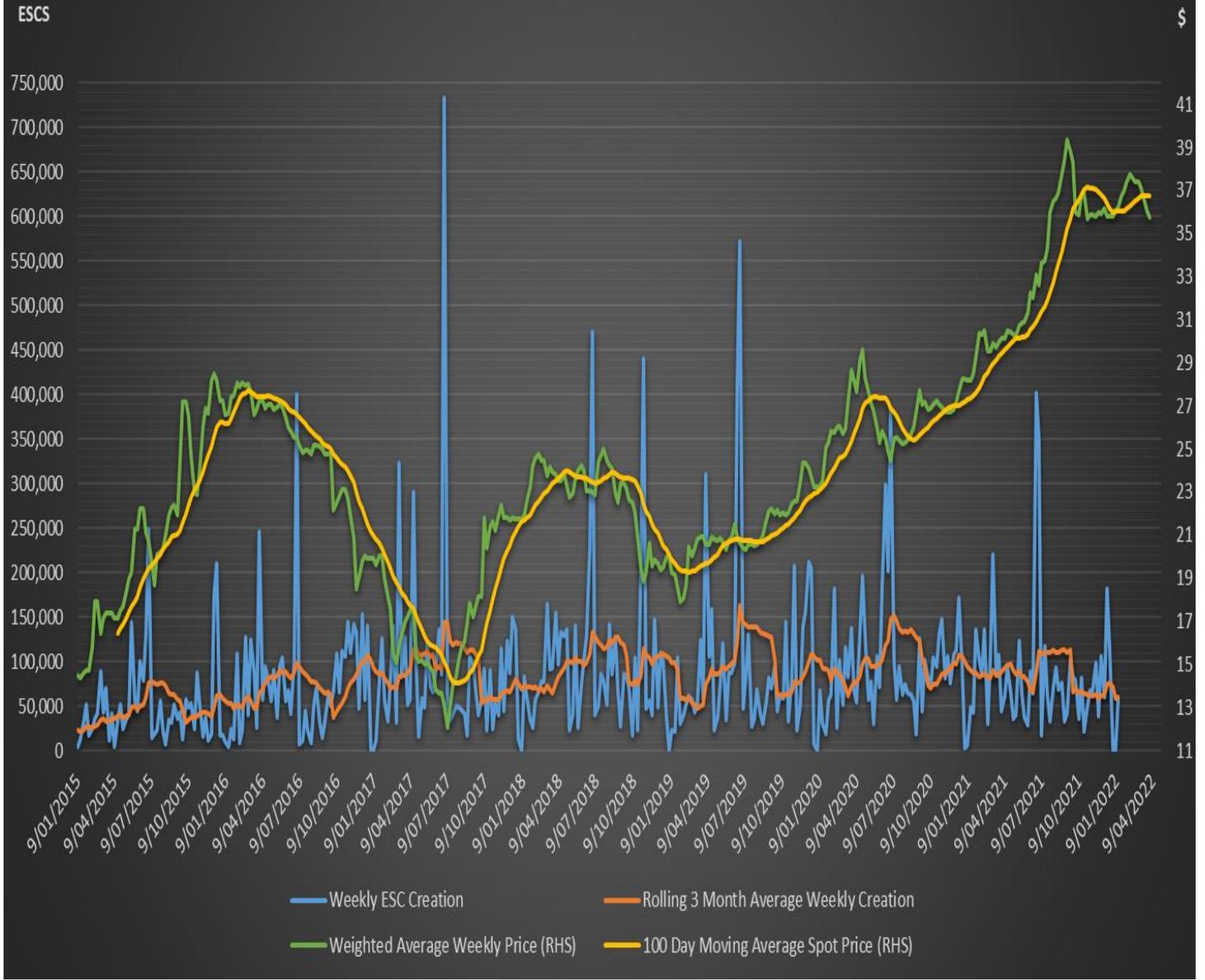
New certificate registrations for march rose nearly 100,000 to come in at 339,000. For the first quarter of the year creation was lower than last year – 774,000 versus 1.146 million in 2021.

The spot market opened 25 cents lower, at \$37.15, and declined steadily to close at \$35.75, mirroring the fall in VEECs though not as aggressively. Turnover totalled 147,000 ESCs.

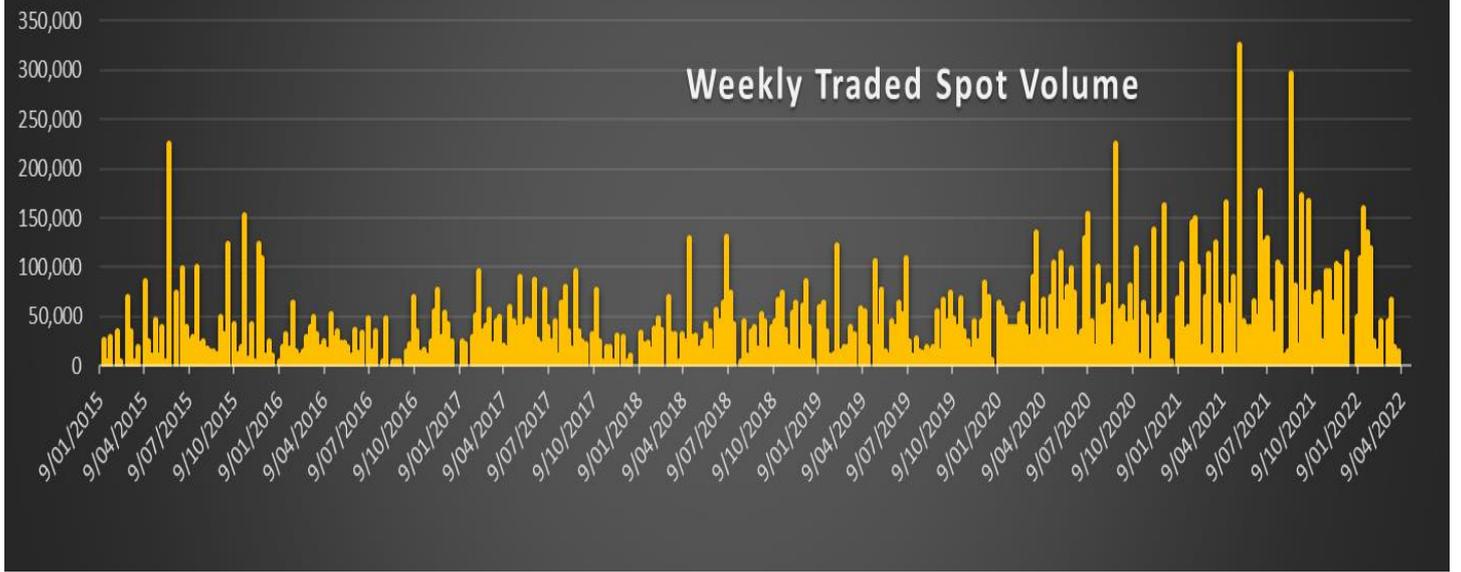
In the forward market 305,000 certificates traded for delivery from April 2022 to February 2023. The forward curve was basically flat to the spot price all the way out to early 2023.



# WEEKLY ESC CREATION - ALL SOURCES



# Weekly Traded Spot Volume

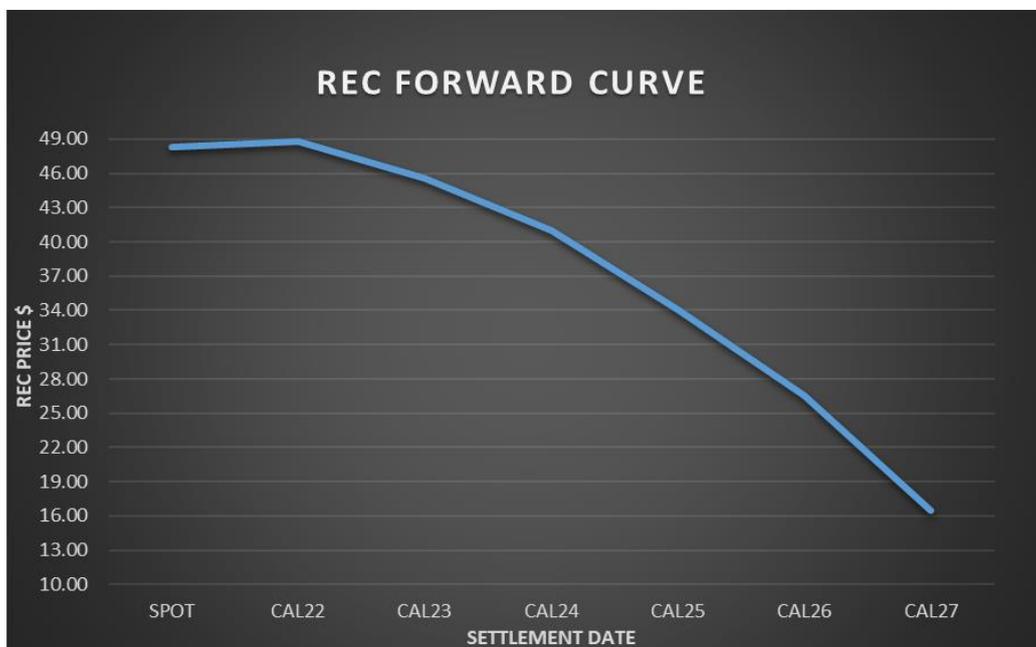
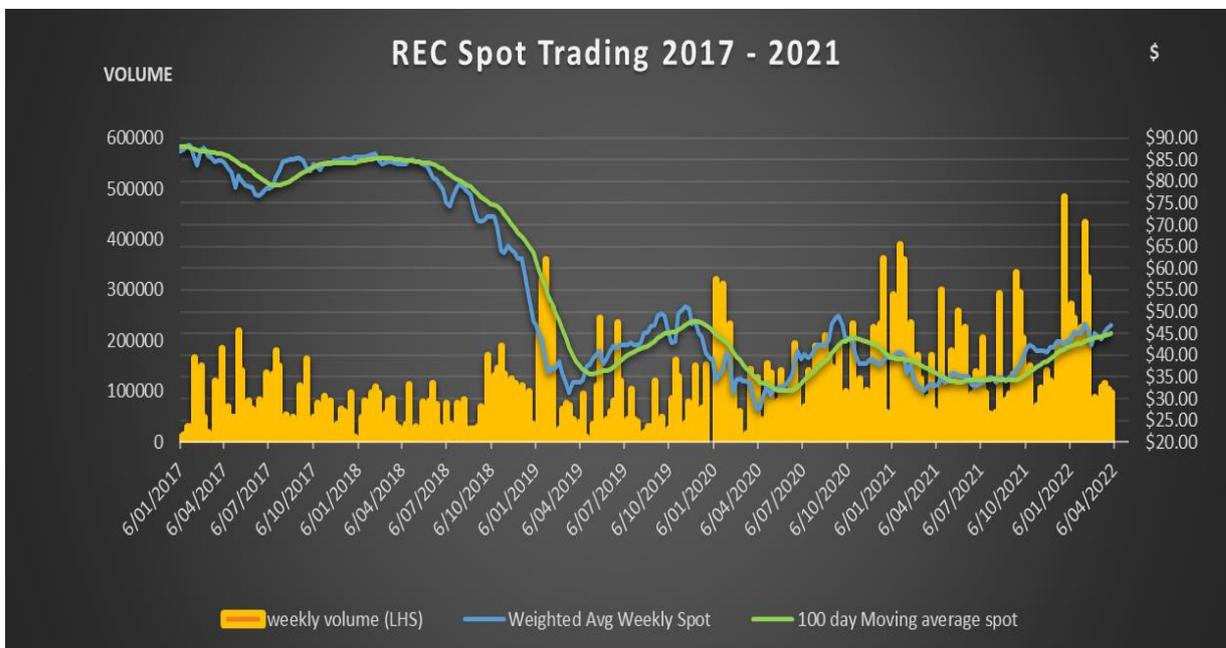


# Renewable Energy Certificates

LGC prices dropped initially but recovered to close the month higher.

The spot price opened at \$44.55, a fall of 50 cents from the last trade in February. This decline continued for the first few weeks of the month culminating in a low of \$43.25. From there a combination of liable entities buying to surrender against prior year's shortfalls in order to recoup the penalty they paid, and an expectation that the horrendous weather in NSW and QLD will contribute to lower solar yields for the year began to push the price back up and we closed at the month's high of \$48.00 on turnover of 497,000 LGCs.

Calendar 2022 (February 2023 Delivery) opened at \$45.00 and followed the spot market down to a low of \$43.25 before reversing course and closing at \$48.75 for a gain of \$3.75 on volume of 914,000 certificates. Calendar 2023 added \$1.60, closing at \$45.60 on turnover of 240,000 LGCs. Calendar 2024 rose 45 cents, finishing at \$40.95 on volume of 445,000 certificates while Calendar 2025 closed 50 cents higher at \$34.00 on turnover of 345,000 LGCs. Calendar 2026 traded 45,000 certificates, closing up \$1.75 at \$26.50. Calendar 2027 made an appearance, dealing 10,000 LGCs at \$16.50.



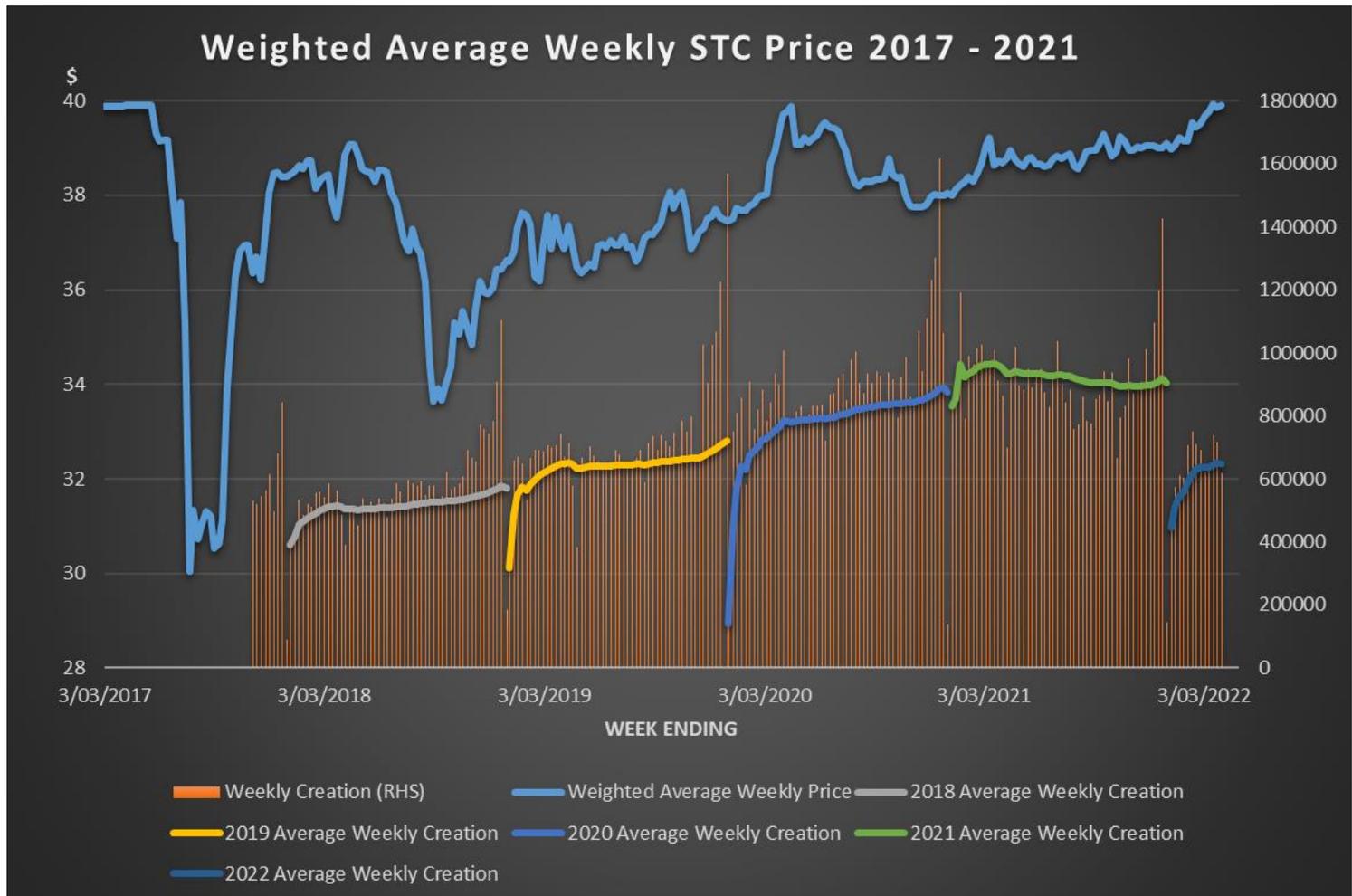
## Small Technology Certificates (STC)

STC creation remained subdued while certificate prices rose to trade just below the Clearing House Price of \$40.00.

The continuing bad weather across the east coast is still playing havoc with solar installations. The number of new STCs minted in March totalled 3.072 million bringing creation for the first quarter of the year to 8.4 million, considerably lower than the 12.4 million for the same period in 2021.

With the lower creation numbers and the fact that the first quarter surrender total is the largest for the year the spot price rallied from an opening at \$39.65, a rise of 10 cents from the end of February, to a close at \$39.90 on turnover of 486,000 STCs.

The forward market was very active with 3.2 million certificates trading for delivery from April this year to December 2023. Deals settling in April, the surrender month, were dealing at \$39.90 while all the rest finished the month at \$39.80.



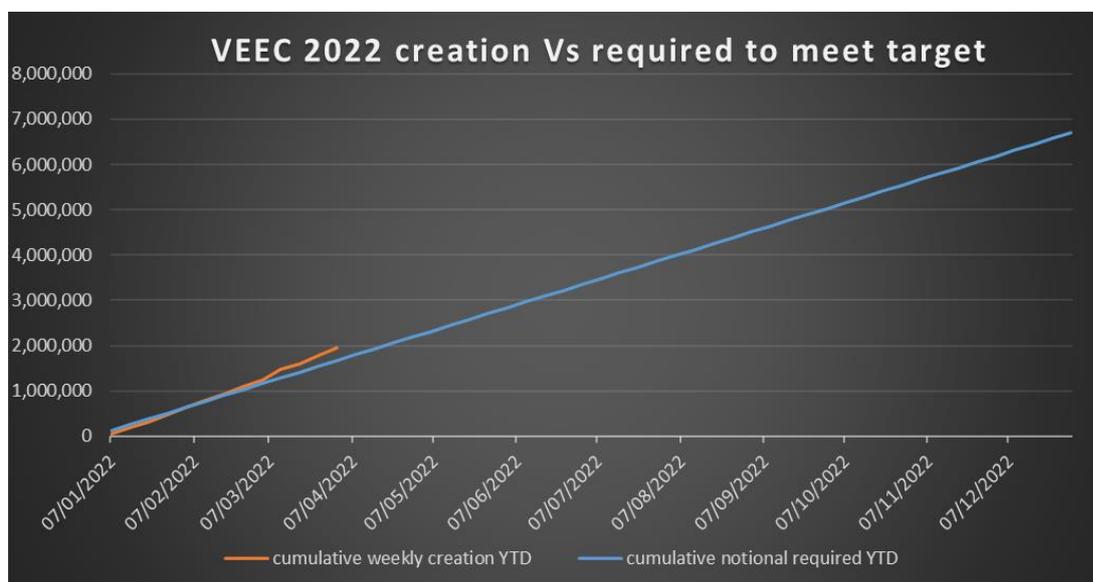
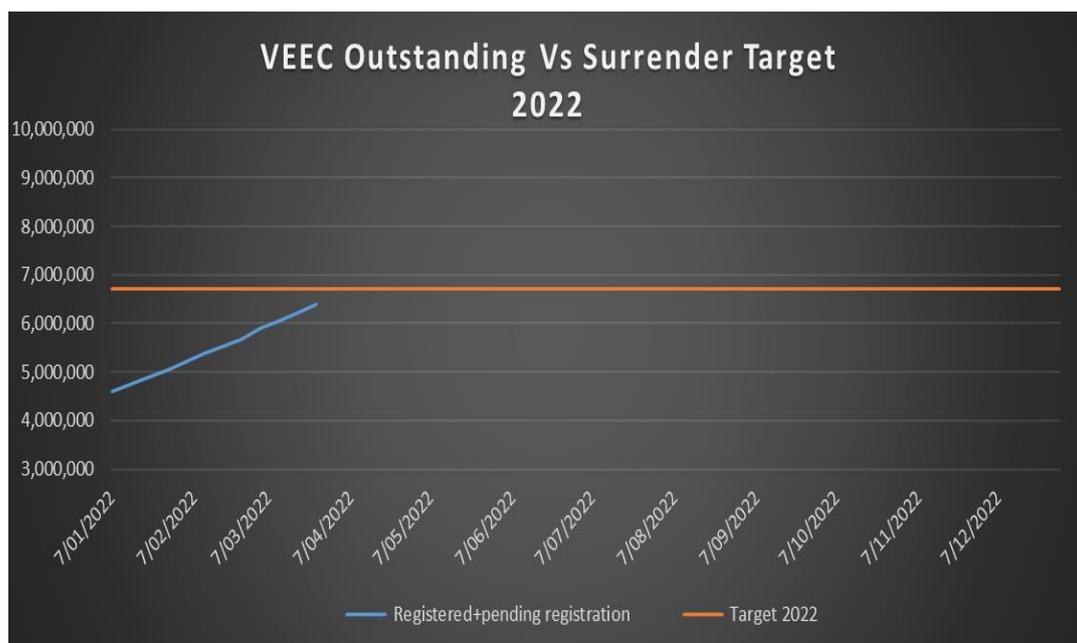
# VIC VEECs

VEEC creation remains strong with a consequent drop in certificate prices.

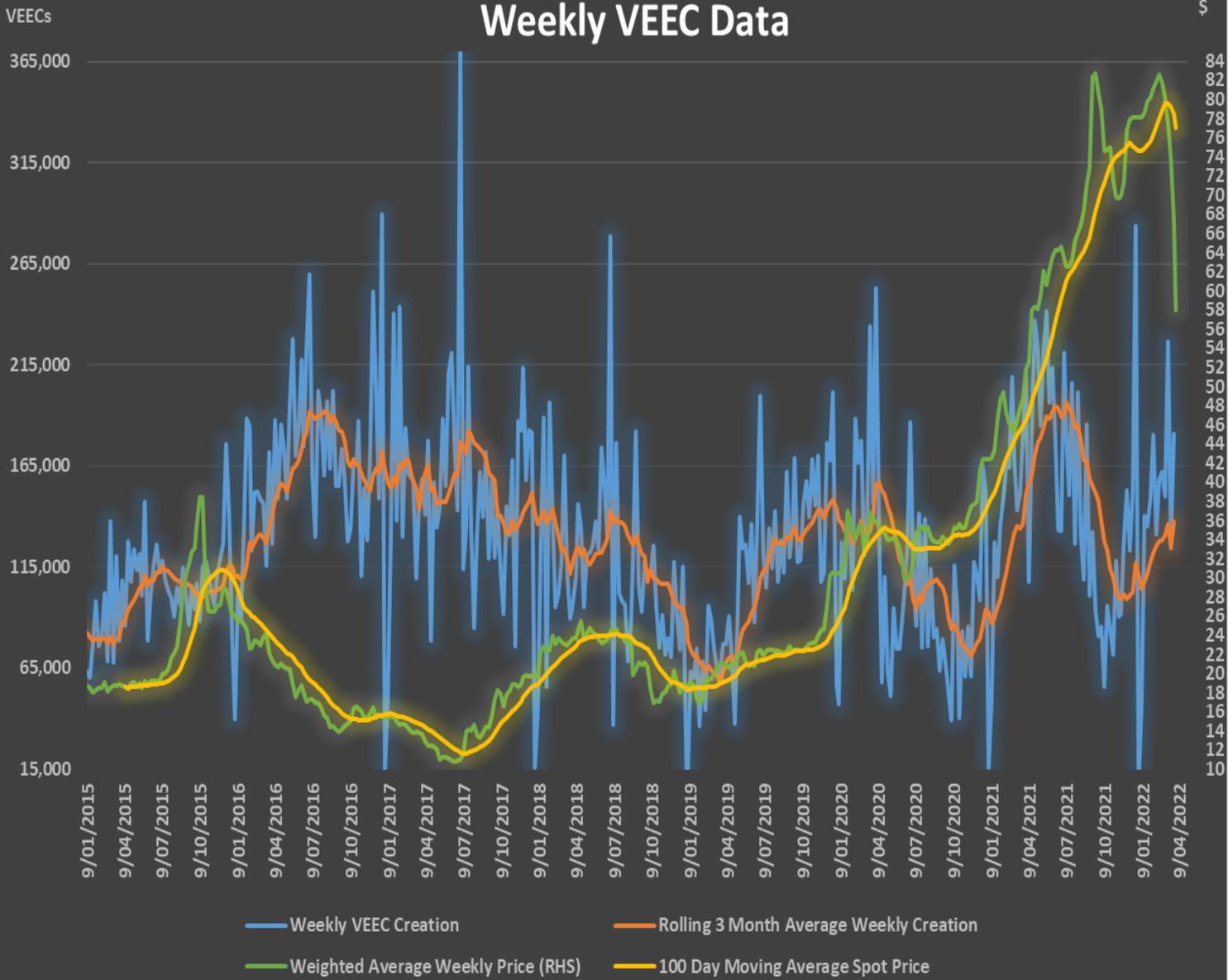
New VEEC registrations came in at 761,000 for the month. This brings creation for the first quarter to 1.95 million, very close to the 1.97 million of last year.

The spot market opened 20 cents higher at \$80.00 and rose to \$80.10 quickly. However at this point the market took stock of the continued supply of new certificates, and the prospect of many more, from the refrigerated cabinet methodology whereby these cabinets can be installed even in places where they are not replacing less efficient units. On top of this there is expected to be an announcement on a methodology to award VEECs for energy audits for every household and business in the state. The weight of this potential flood of certificates saw the spot market reverse course and fall rapidly to a close at the low of \$65.00 on turnover of 82,000 certificates.

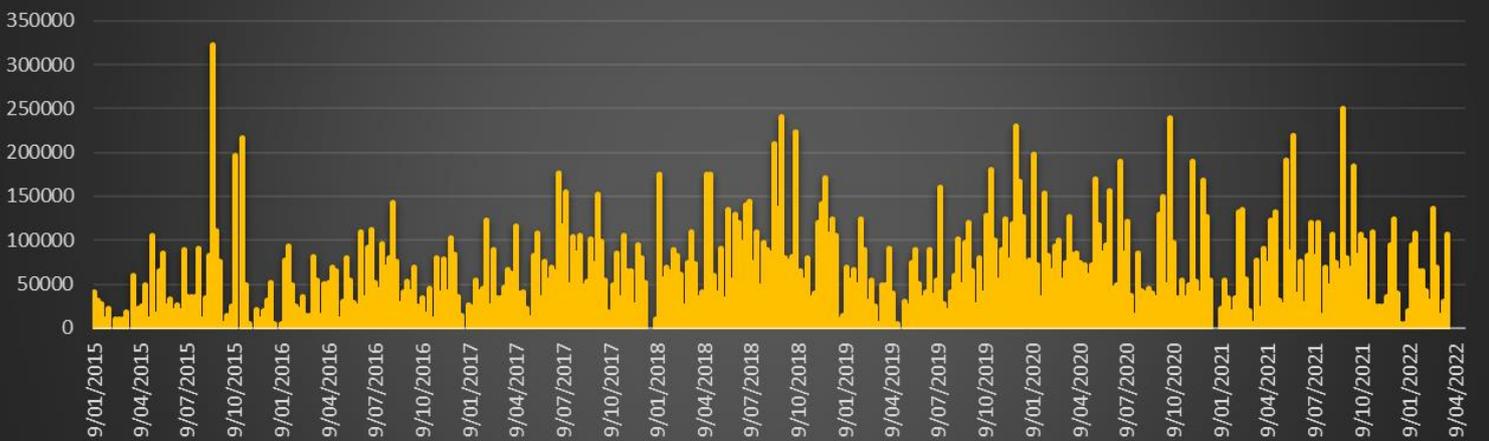
In forward trading 925,000 VEECs traded for delivery from April 2022 to March 2023. By month's end the curve was dead flat with all maturities dealing in line with the spot price.



# Weekly VEEC Data



# Weekly Traded Spot Volume



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