CERTIFICATE REPORT 20/03/2020

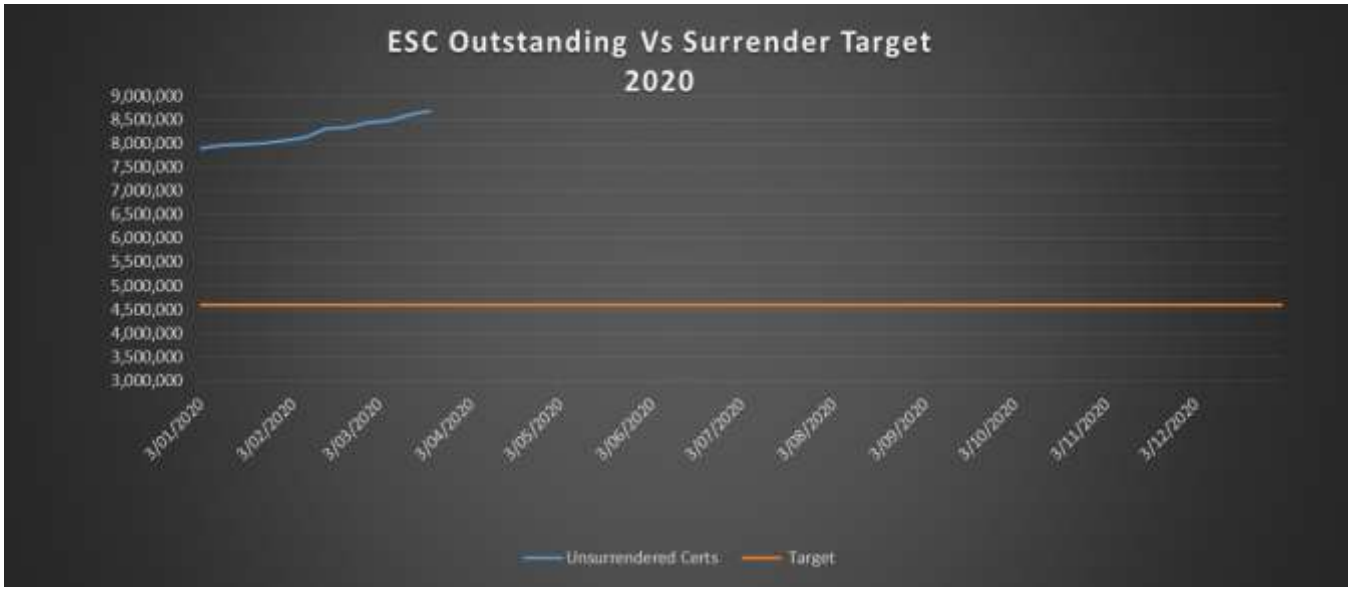
NSW ESCs

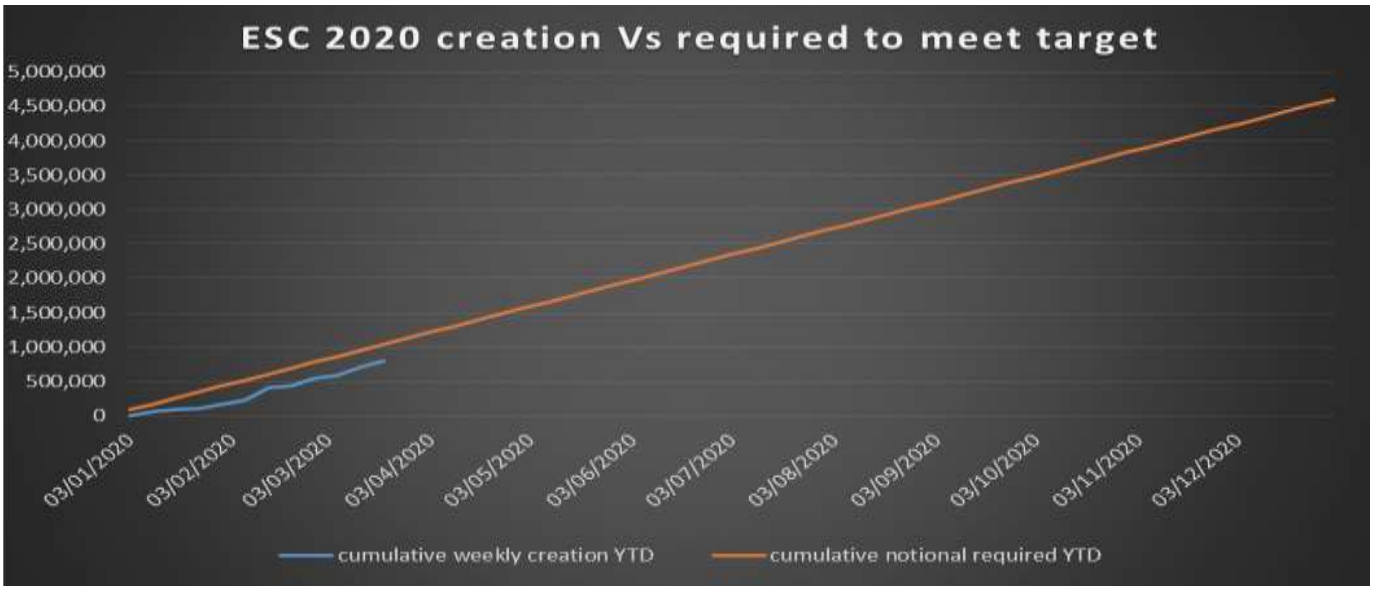
ESC creation dropped back to more average numbers while market prices advanced.

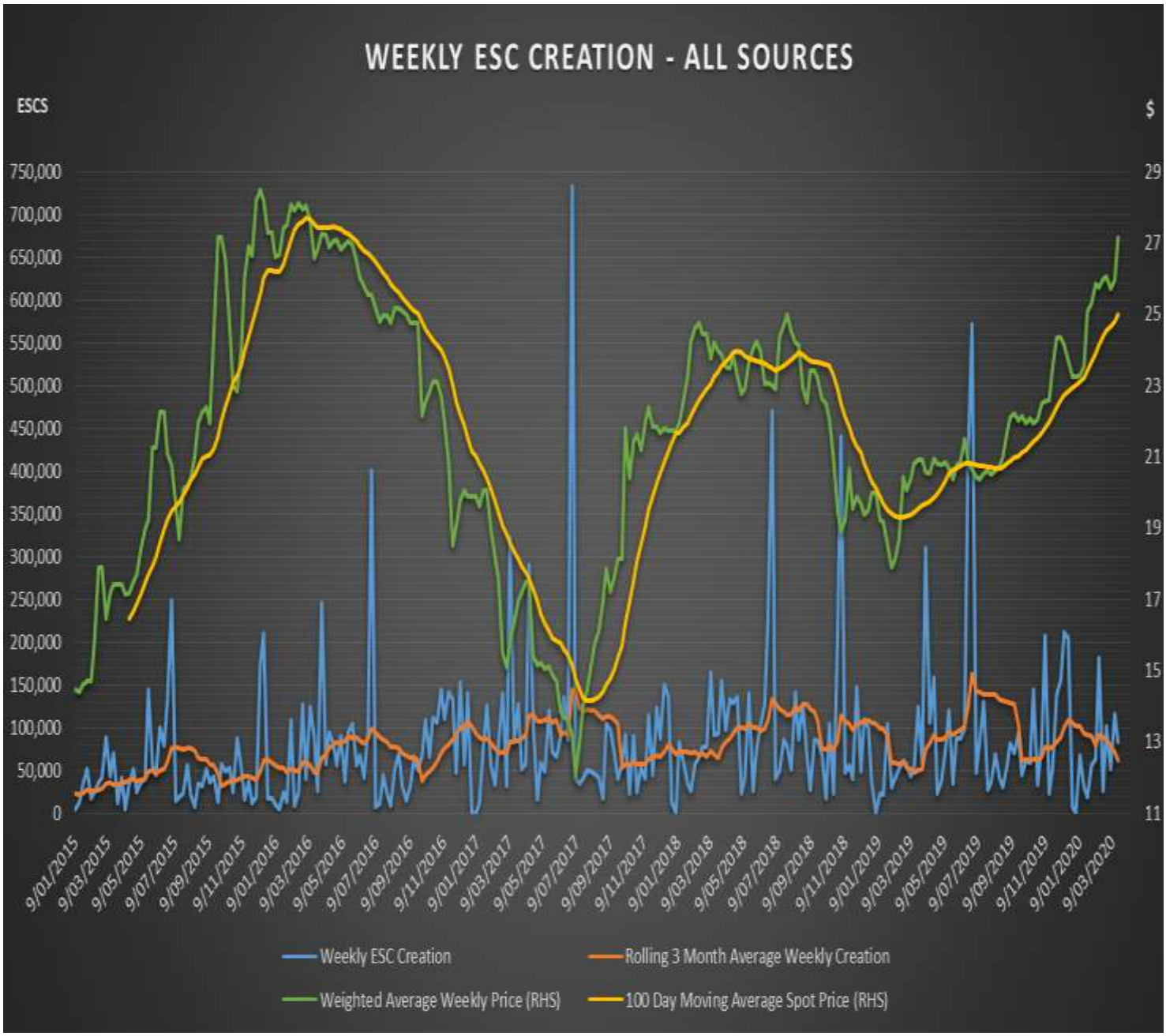
ESC registration dropped to 82,400 this week.

Spot trading opened 75 cents higher than last week, at $26.75, as fears of economic turmoil roiled the market. Prices continued to rise from there, reaching a high of $27.80 before closing at $27.75 on turnover of 90,000 certificates.

The forward market saw 95,000 ESCs trading for delivery between June and October this year. Trades for April dealt in line with the prevailing spot level while the rest of the curve sloped gradually upwards with October gaining a premium of 40 cents.






WEEKLY ESC CREATION - ALL SOURCES
ESCS
$
750,000
700,000
650,000
600,000
550,000
500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
29
27
25
23
21
19
17
15
13
11
9/01/2015
9/03/2015
9/05/2015
9/07/2015
9/09/2015
9/11/2015
9/01/2016
9/03/2016
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9/11/2018
9/01/2019
9/03/2019
9/05/2019
9/07/2019
9/09/2019
9/11/2019
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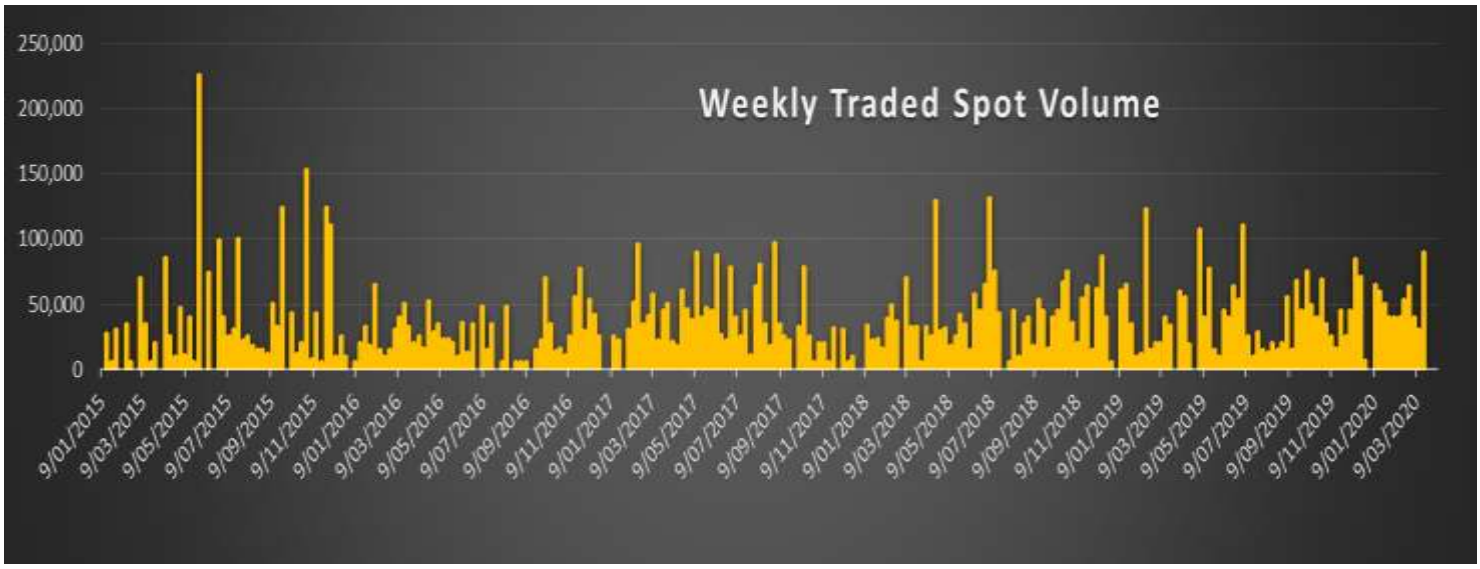
Weekly ESC Creation
Rolling 3 Month Average Weekly Creation
Weighted Average Weekly Price (RHS)
100 Day Moving Average Spot Price (RHS)


Weekly Traded Spot Volume
250,000
200,000
150,000
100,000
50,000
0
9/01/2015
9/03/2015
9/05/2015
9/07/2015
9/09/2015
9/11/2015
9/01/2016
9/03/2016
9/05/2016
9/07/2016
9/09/2016
9/11/2016
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9/07/2018
9/09/2018
9/11/2018
9/01/2019
9/03/2019
9/05/2019
9/07/2019
9/09/2019
9/11/2019
9/01/2020
9/03/2020

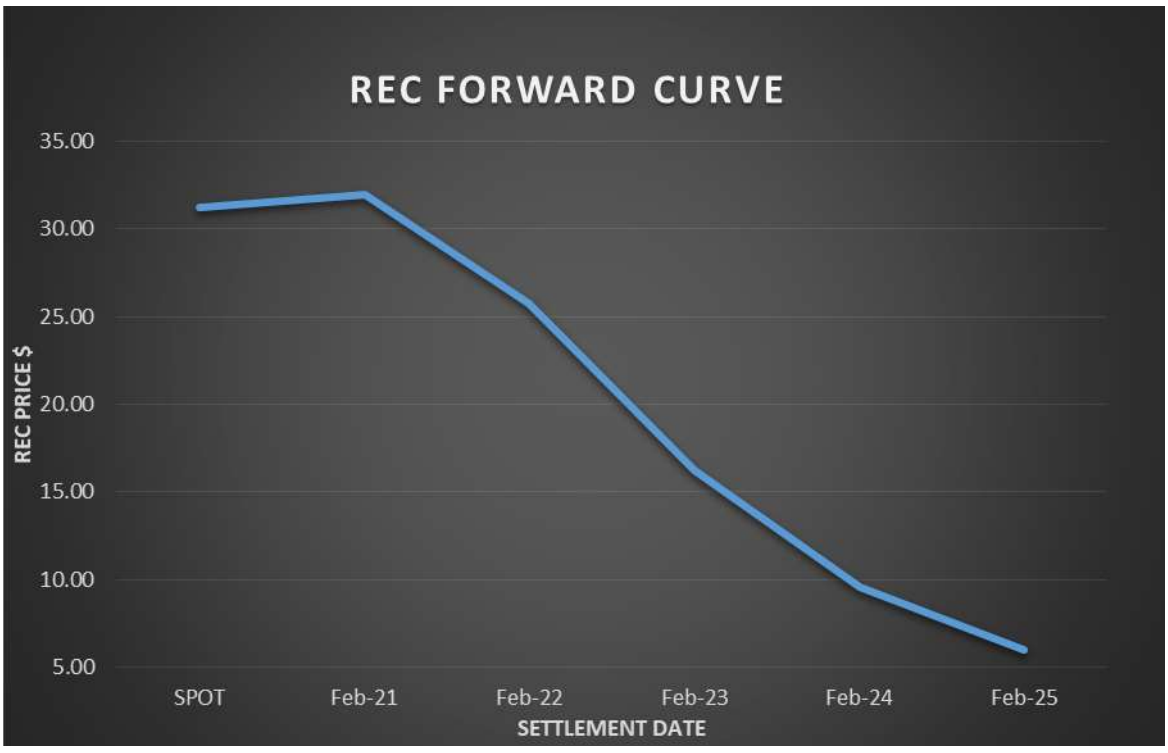
Renewable Energy Certificates

LGC prices mostly fell on economic fears.

The number of LGCs to be surrendered this year is set as a percentage of electricity sales, while the supply of certificates is largely already set as the output of established power stations and those coming on line soon. Therefore a slowdown in the economy following the response to the Corona Virus could cause a drop in electricity use and therefore a reduced demand for LGCs while the supply would be largely unaffected. These fears caused a sell down in certificate prices, especially in the spot and Calendar 2020 contracts.

The spot market opened $2.00 lower, at $33.50, and continued to fall all week, closing at $31.25 on volume of 142,000 LGCs.

Calendar 2020 (February 2021 delivery) followed suit, opening at $34.05 and closing $2.05 lower on the week, at $32.00, on turnover of 105,000 certificates. Calendar 2021 lost $1.00 to close at $25.75 on volume of 40,000 LGCs while Calendar 2022 bucked the trend, adding 25 cents by closing at $16.25 on turnover of 165,000 certificates.



Small Technology Certificates (STC)

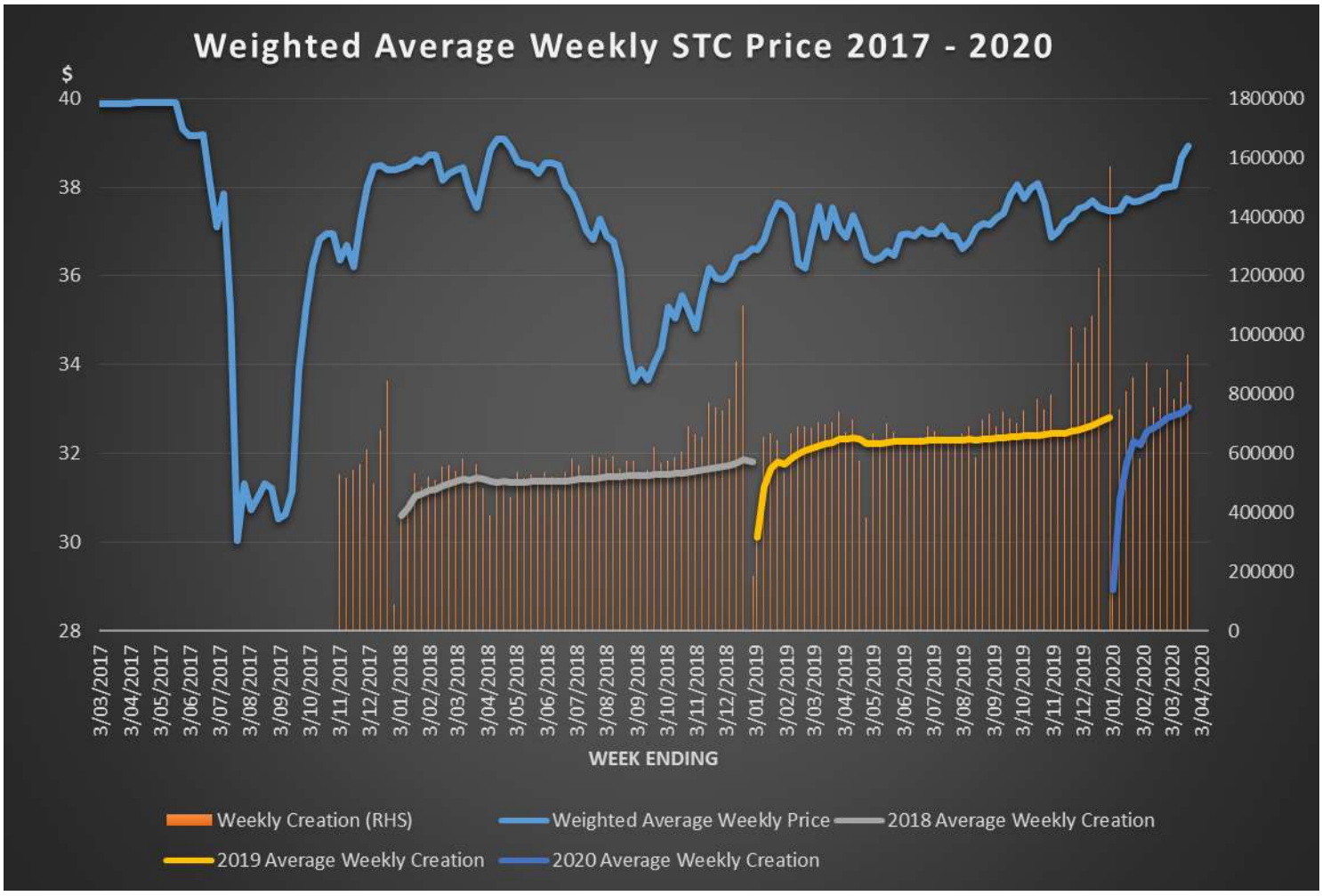
STC creation soared this week but market prices rose also.

New submissions to the CER leapt to just under 934,000 this week, bringing the total of new certificates to 9.066 million so far this year.

Despite the surge in STC creation a fear that new installations could stall if the economy slows down substantially has led to a grind higher in certificate prices.

Spot trading opened 10 cents higher, at $38.80 and continued to push higher all week, reaching a high of $39.15 before closing at $39.10 on turnover of 240,000 STCs.

The forward market saw 342,000 certificates trade for delivery between April and September this year. These tdeals were struck in line with the prevailing spot price.



VIC VEECs

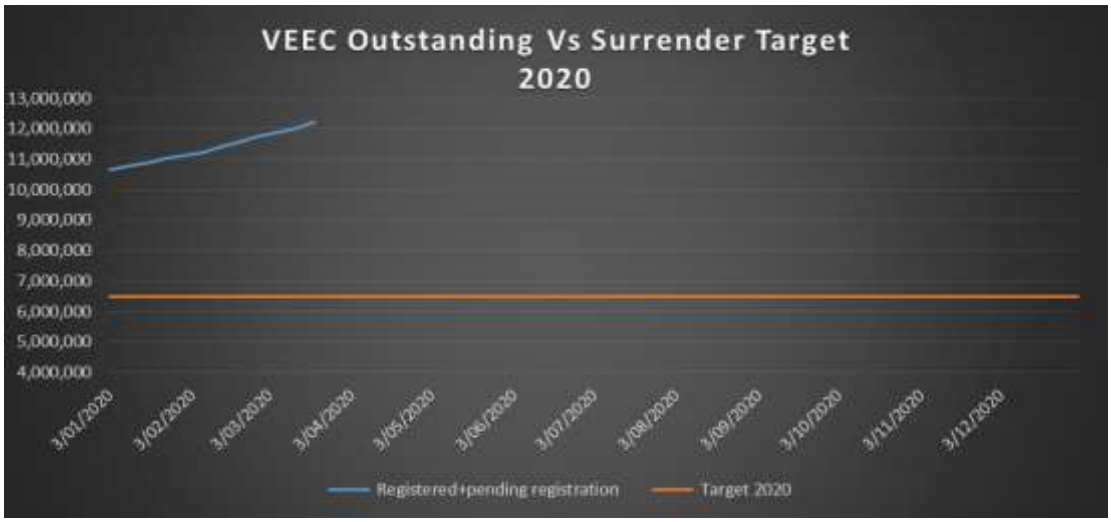
VEEC creation leapt this week while market prices closed higher, though off their highs.

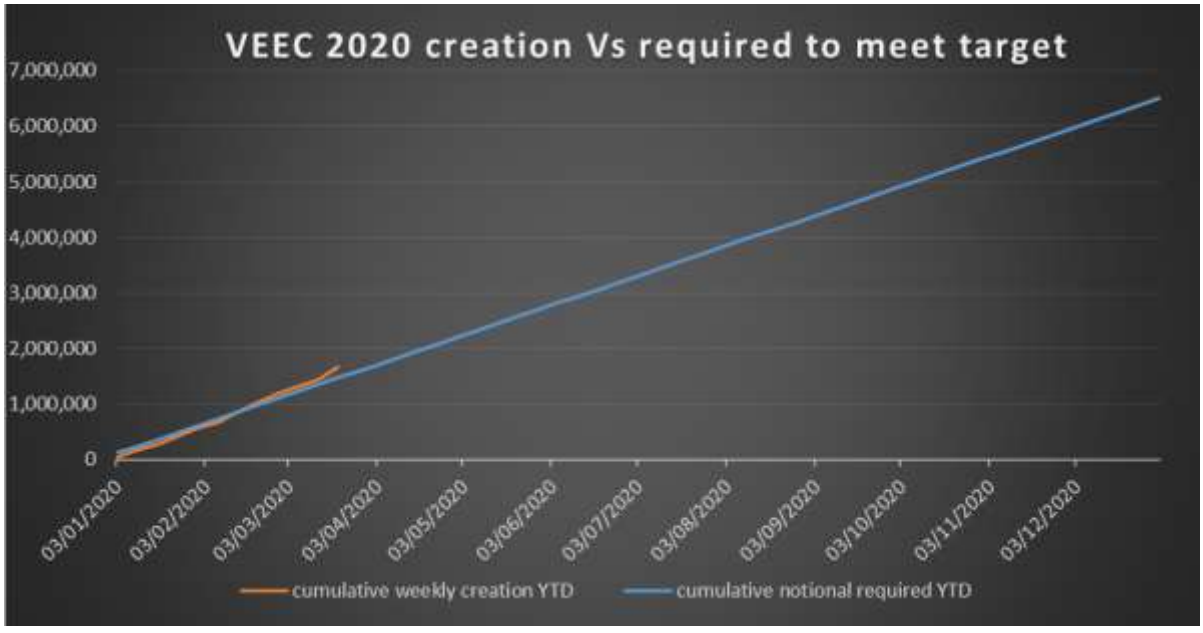
VEEC registration jumped to 233,900, the largest weekly creation figure since the end of June 2017.

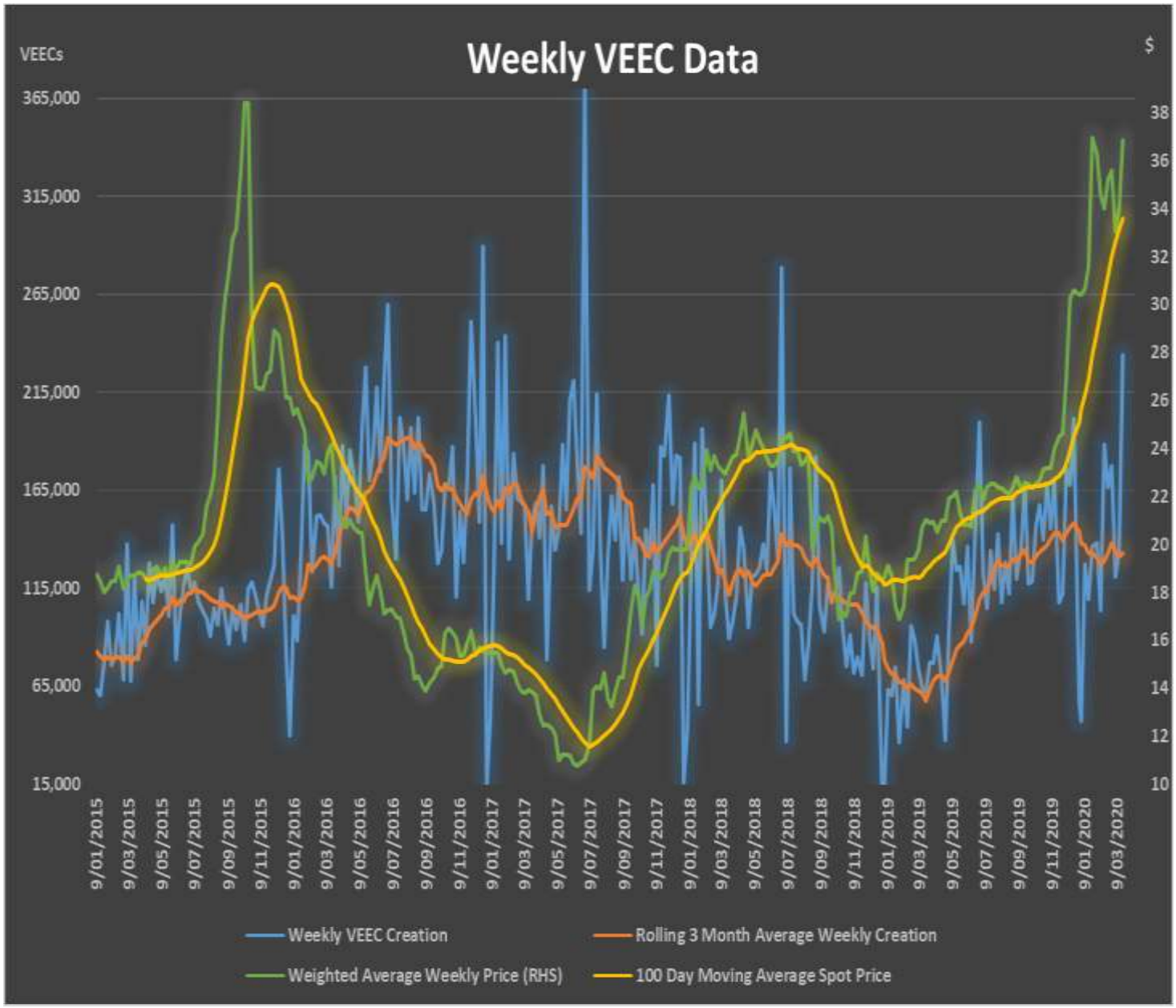
At the start of the week market speculation that an economic slowdown would lead to a reduction in VEEC creation led to a rise in prices. However this fear was hard to maintain in the face of the actual creation numbers for the week and by Friday most of the gains had evaporated.

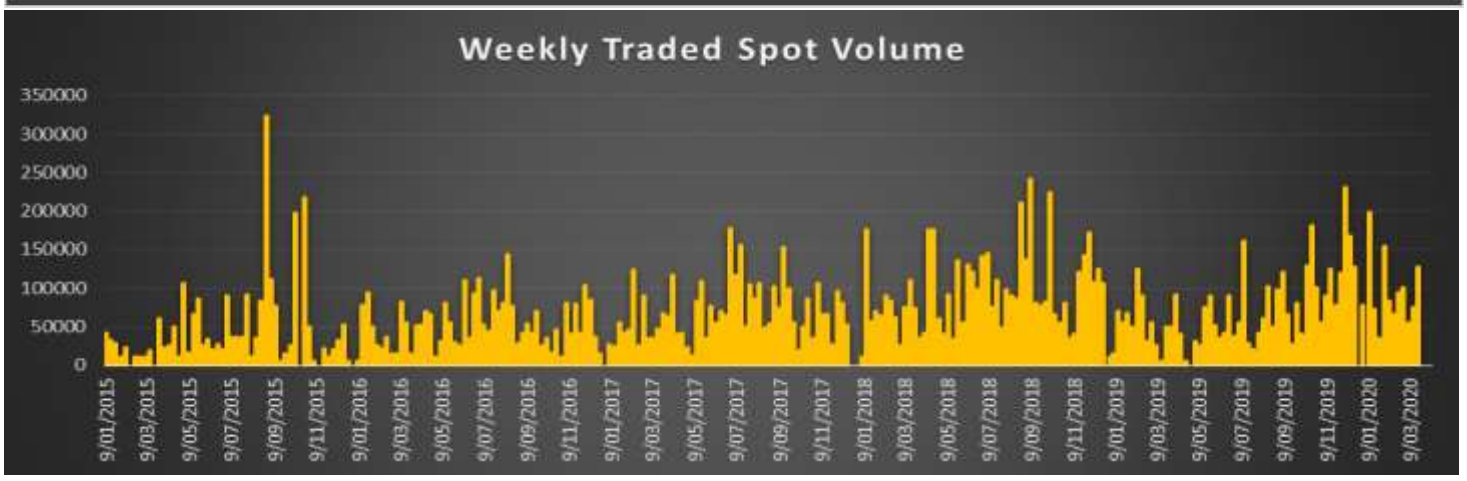
Spot trading opened $1.00 higher, at $35.80, and continued to climb throughout the week, reaching a high of $37.40. The weight of creation told however and the market turned down on Friday, closing at $35.50 on volume of 127,000 VEECs.

The forward market was active with 383,000 certificates traded for delivery between April and December 2020. For most of the week, while the spot price was increasing, the forward deals traded in line with the spot market but when this fell the forward market did not fall as steeply leaving the July to September area of the curve around $1.00 higher than the spot price and November $1.15 higher.









Demand Manager

PO Box Q1251 QVB Post Office NSW 1230

Suite 506, 66 Hunter Street, Sydney, NSW 2000

Phone +61292794704 www.demandmanager.com.au