

CERTIFICATE REPORT

September 2023

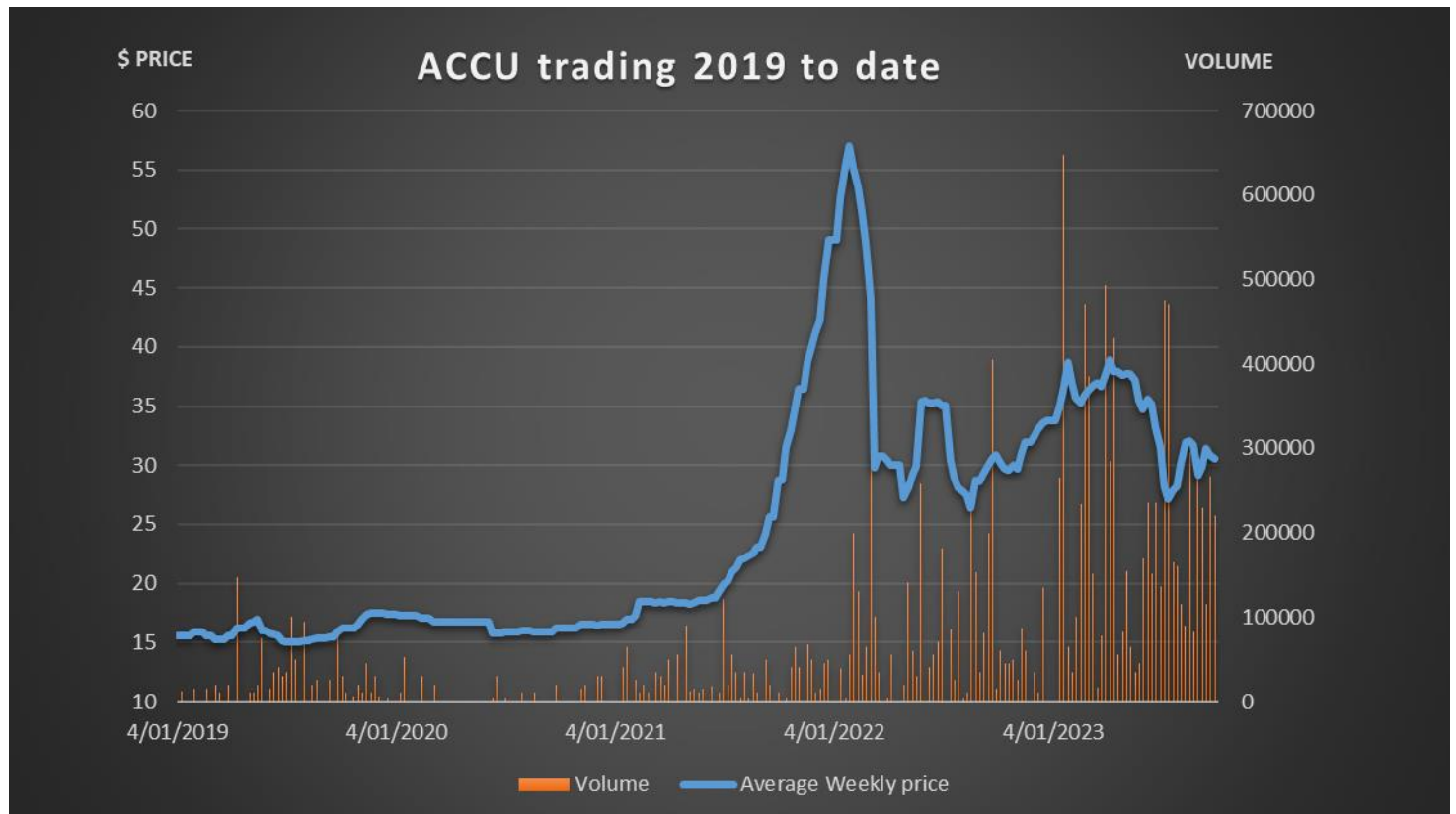
ACCU

ACCU prices were jumpy again this month but closed only modestly lower.

The spot market opened at \$29.50, a fall of \$1.00 from the August close. The market recovered from there, however, with the price climbing steadily to reach a mid-month high of \$31.25 before once again succumbing to selling pressure. We closed at \$30.00 on turnover of 857,000 ACCUs.

In forward trading 450,000 certificates traded for delivery from December this year out to June 2026. The latter date represented a strip of deals settling in June 2024, 2025 and 2026. Pricing in the forwards was based on a cost of carry at 6%, the same as last month.

The spread between generic certificates and Human Induced Regeneration ACCUs closed 50 cents higher, at \$4.00.



NSW ESCs

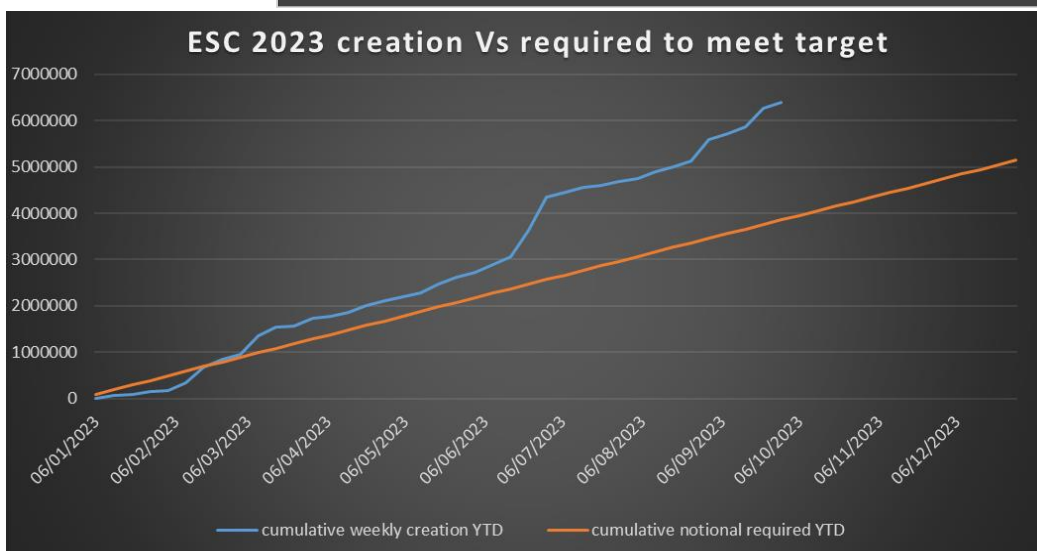
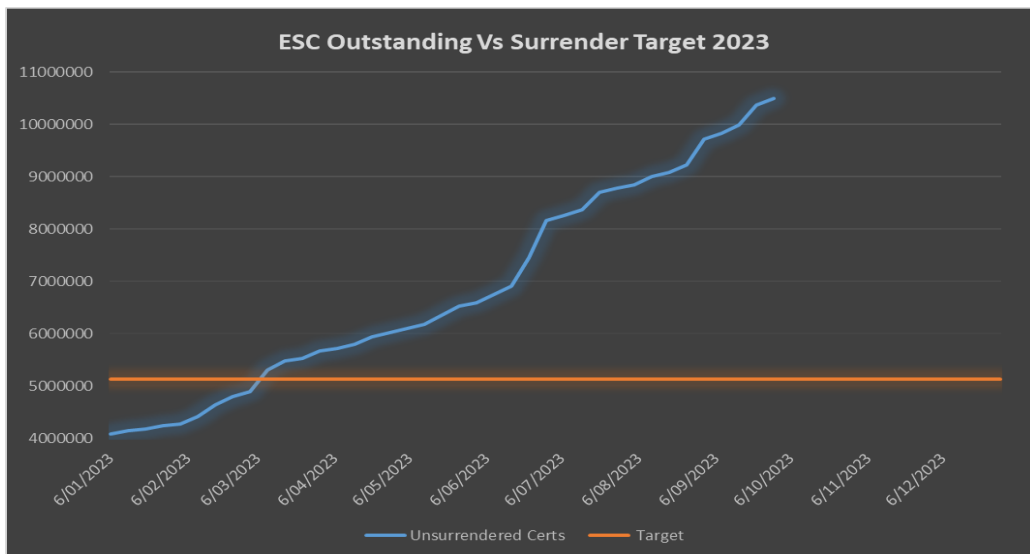
ESC prices were volatile this month on the back of a surprise scheme announcement.

Certificate creation for September followed the August blockbuster with a similar number – 838,000 new certificates were minted. The registry now contains enough ESCs to cover both the 2023 and 2024 surrender obligations.

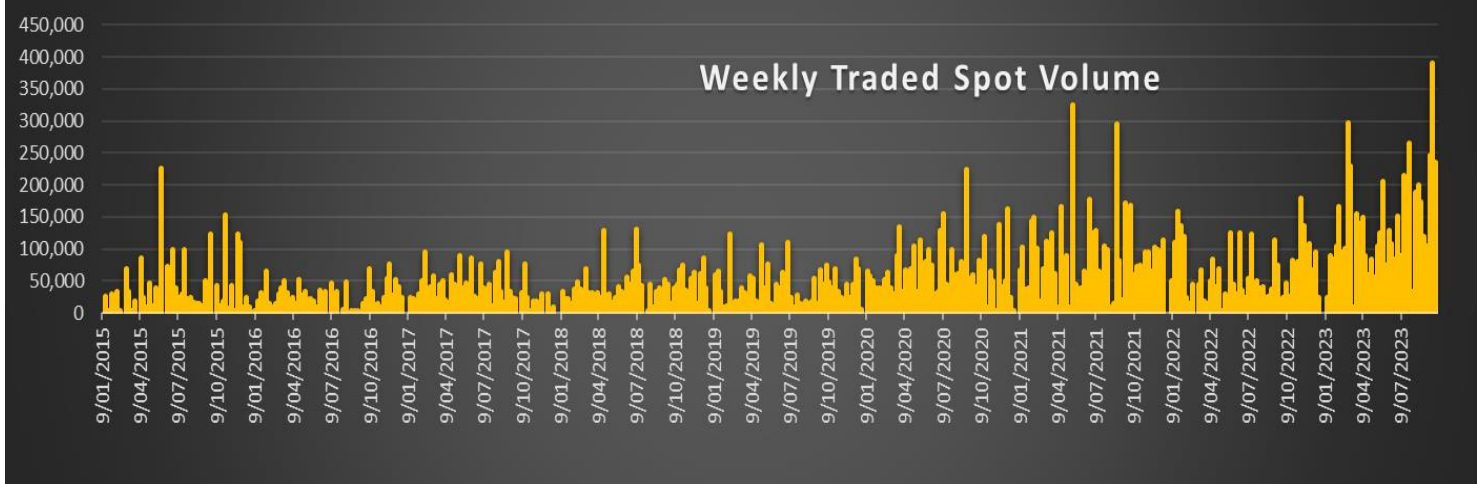
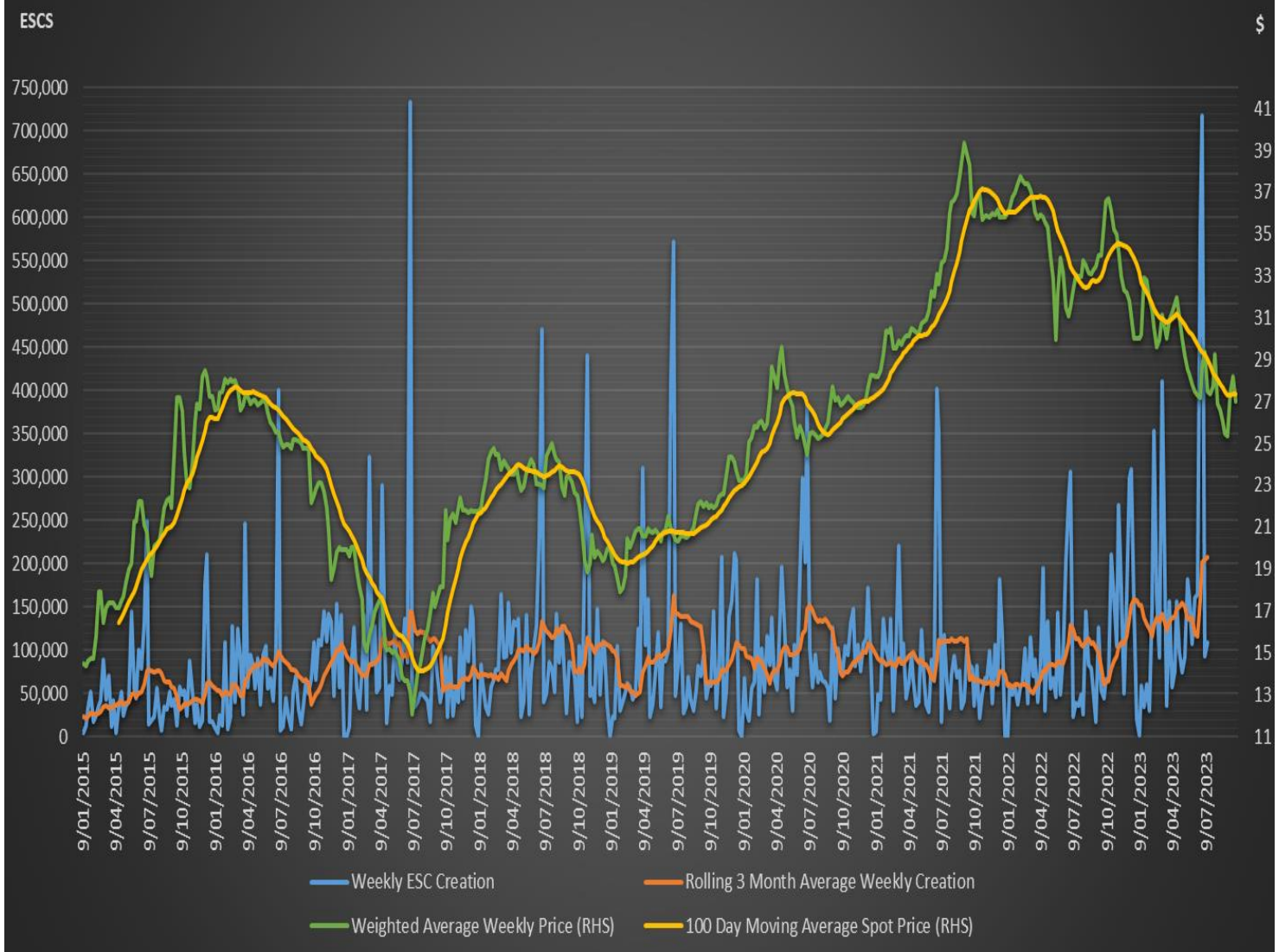
The continuing flood of new certificates should have pushed the price lower, however the Government surprised the market with an announcement that they were going to conduct a consultation into Heat Pump replacement creation with a view to reducing the number of certificates awarded by about a third and raising the customer contribution from \$33 to \$200 per unit. They also announced a review of the commercial lighting creation method.

The spot market opened at \$25.50, 30 cents higher than the previous close and was trading persistently at that level until the above mentioned announcement when the price exploded higher. We reached a zenith at \$31.25 before the consultations took place. The Heat Pump meeting confirmed that the proposed changes would be implemented but left unmentioned the length of any transitional arrangements. Market participants had anticipated the possible slashing and even cancellation of the commercial lighting method but were pleasantly surprised when the proposed changes were much more modest and would not be seen until well into next year. The spot price fell back to earth following this information, eventually settling at \$27.00. Turnover was reported as 977,000 ESCs.

The forward market saw a whopping 1.235 million certificates trade for delivery from the end of September to December 2024. The curve sloped upwards, representing a cost of carry of around 6%.



WEEKLY ESC CREATION - ALL SOURCES



Renewable Energy Certificates

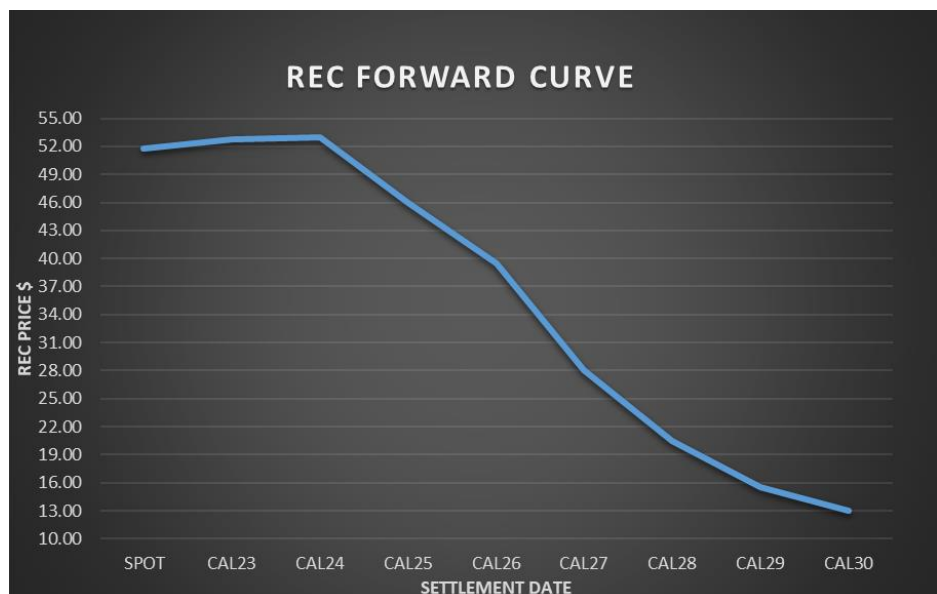
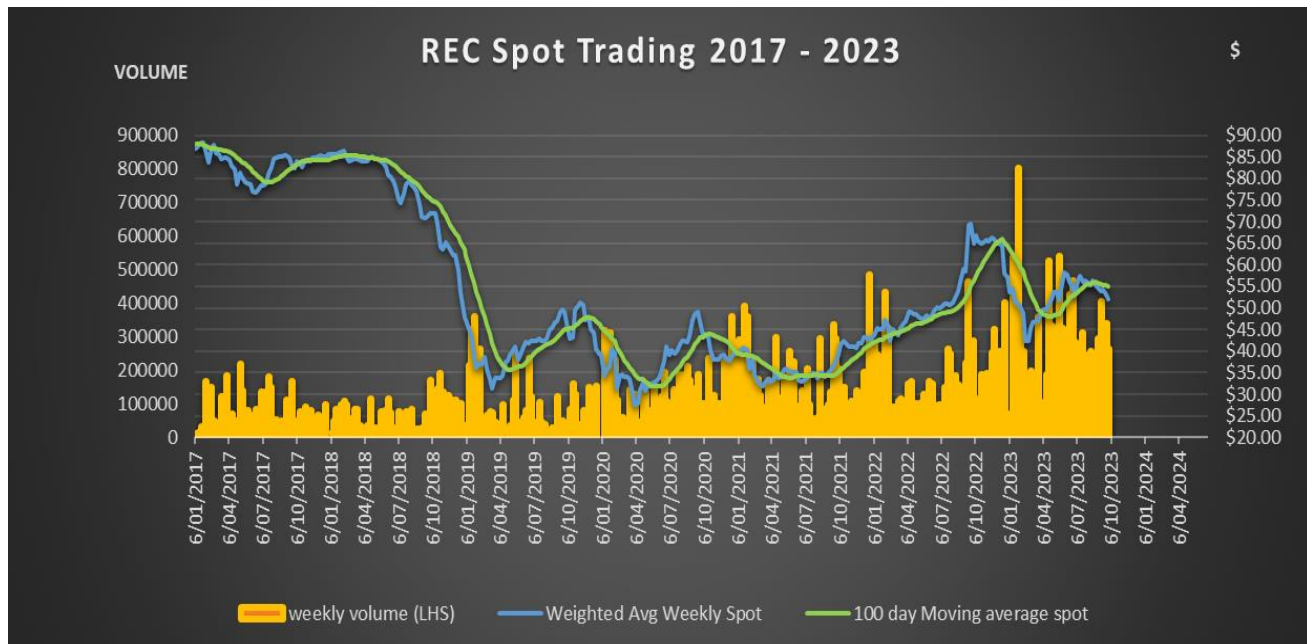
The LGC curve continued to flatten with the near end continuing to fall and the longer end rising.

By the end of September the number of registered LGCs topped 33 million, enough to meet the 2023 surrender obligations. The supply of certificates weighed on the spot market with the open at \$54.00 a dollar below the August close. The price continued to grind lower all month, closing at \$51.75 on turnover of 1.15 million certificates.

Calendar 2023 opened at \$55.00 and rallied briefly to \$55.60 before following the spot down to a close at \$52.75. This represented a drop of \$2.25 on turnover of 525,000 LGCs.

Calendar 2024 traded in a very tight \$52.23 - \$53.00 range, closing at \$53.00 for a gain of 25 cents on volume of 860,000 certificates. Calendar 2025 added 75 cents, closing at \$46.00 on turnover of 565,000 certificates.

The big mover continued to be Calendar 2026 as obligated parties roll out some of their 2023 obligations the allowable three years. That contract opened at \$35.75 and got as high as \$40.00 before closing \$4.00 higher at \$39.50 on turnover of 580,000 LGCs. Calendar 2027 gained \$2.50 to close at \$28.00 on volume of 35,000 certificates.

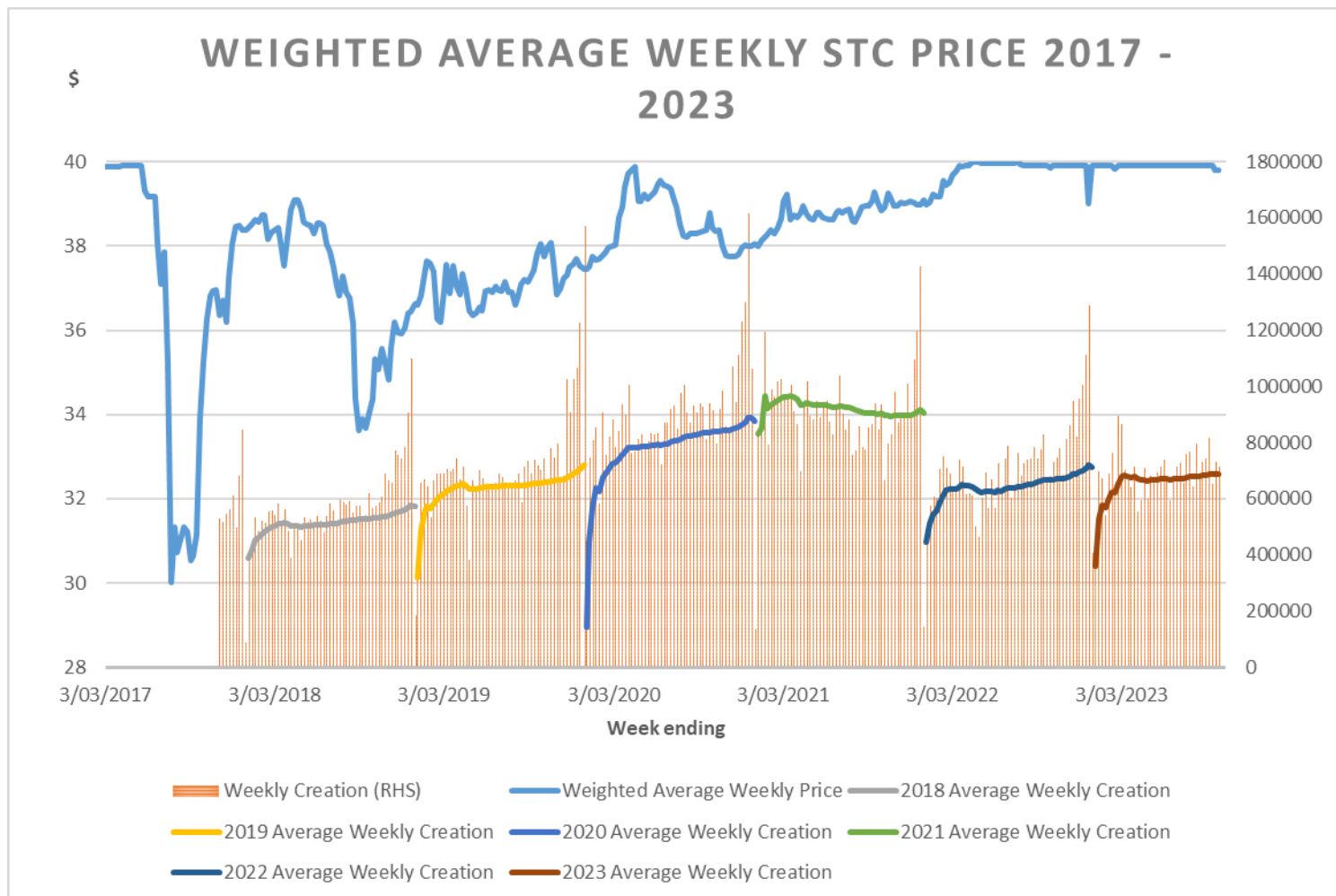


Small Technology Certificates (STC)

The STC market started trading again as the Clearing House returned to a surplus after spending the majority of the year in deficit.

Certificate creation was slightly lower, at just over 3 million, but most of these saw their way into the Clearing House turning the negative balance into a surplus. The spot market traded initially at \$39.90 and fell to \$39.80 by month's end. It is expected that the Clearing House will return to deficit after the Quarter 3 surrender at the end of October so the spot price is unlikely to fall too much. Turnover was reported as 464,000 STCs.

In the forward market 805,000 certificates traded for delivery from the end of September to October 2024. Deals settling this year were struck at \$39.80 while those for next year traded at \$39.75.



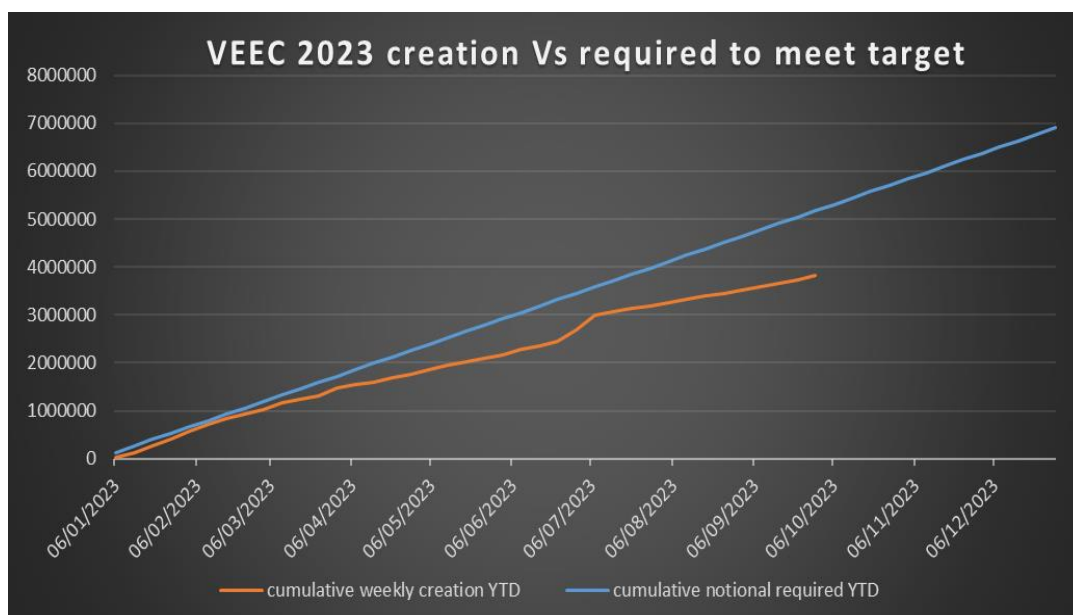
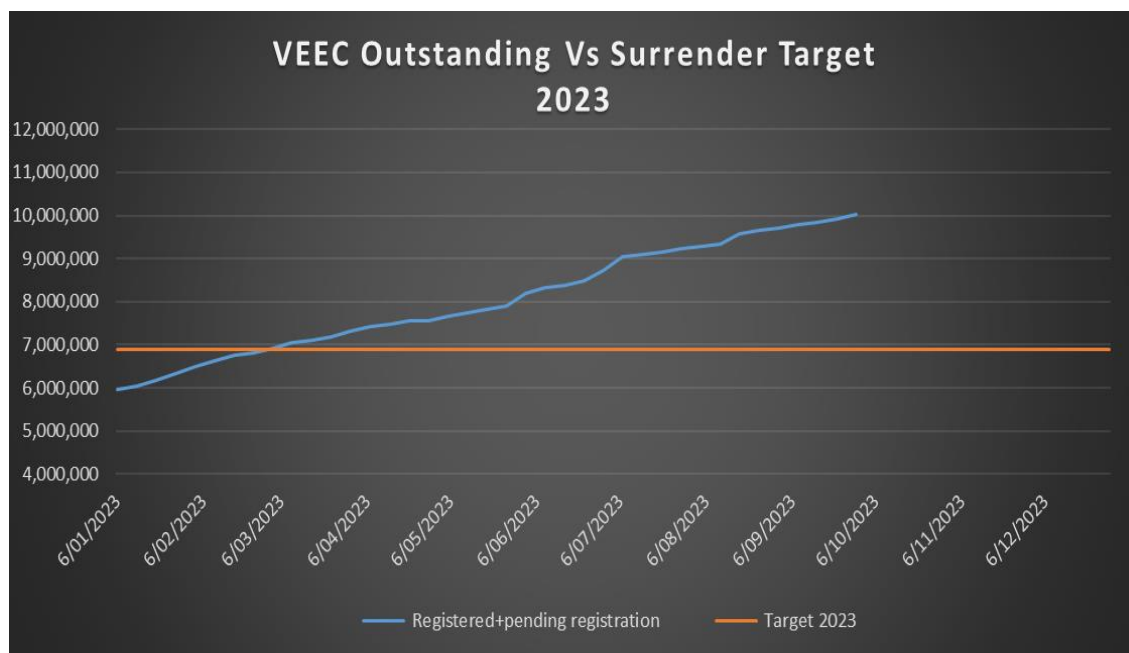
VIC VEECs

The VEEC market was a beacon of stability this month as the other certificates grabbed the limelight.

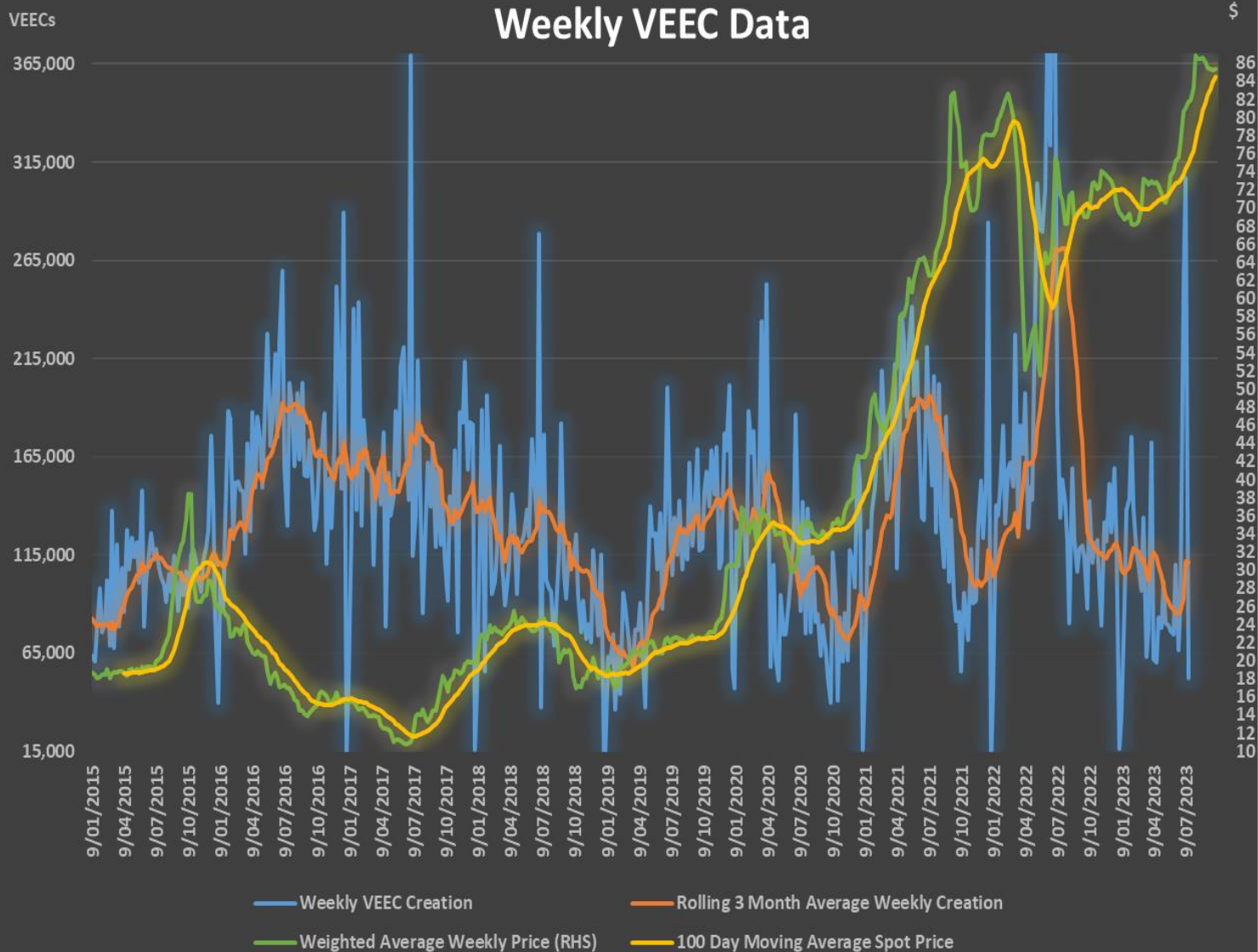
New certificate registration was 328,000, virtually unchanged from August. The balance in the Registry has now tipped 10 million certs so even though the creation has been sluggish so far this year we have sufficient VEECs for the 2023 surrender obligation and nearly half of 2024.

The spot market opened at \$85.60, a drop of 15 cents, and traded in a very narrow range, falling briefly to \$85.00 before closing at \$85.50 on turnover of 304,000 certificates.

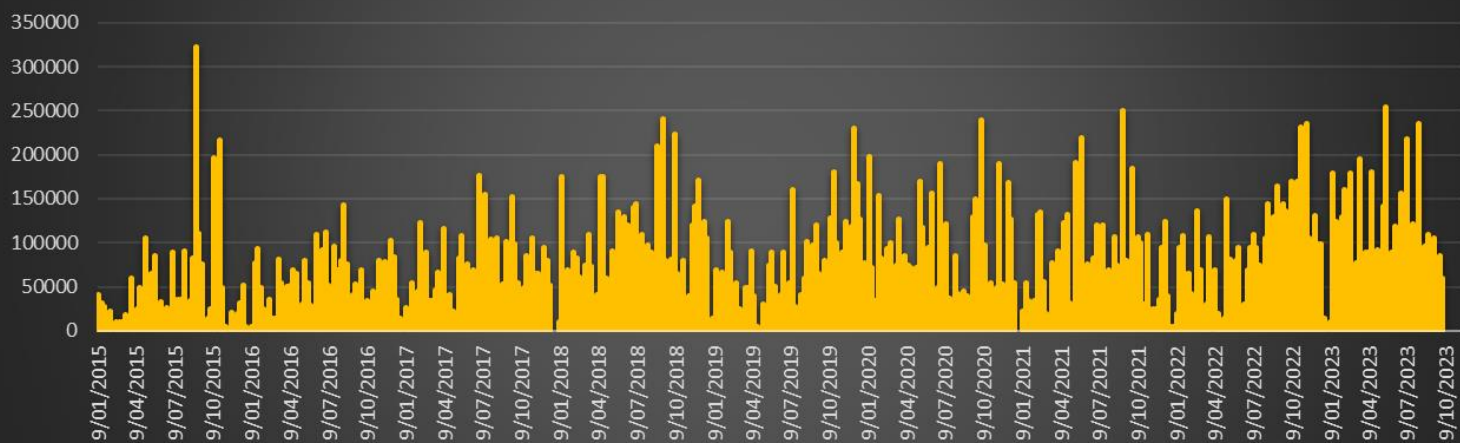
The forward market saw 505,000 VEECs deal for delivery from October this year to December 2025. The curve continues to be completely flat, even as all the other certificates have a cost of carry of around 6%.



Weekly VEEC Data



Weekly Traded Spot Volume



PO Box Q1251 QVB Post Office NSW 1230

Suite 506, 66 Hunter Street, Sydney, NSW 2000

Phone +61292794704 www.demandmanager.com.au