

## CERTIFICATE REPORT

May 2023

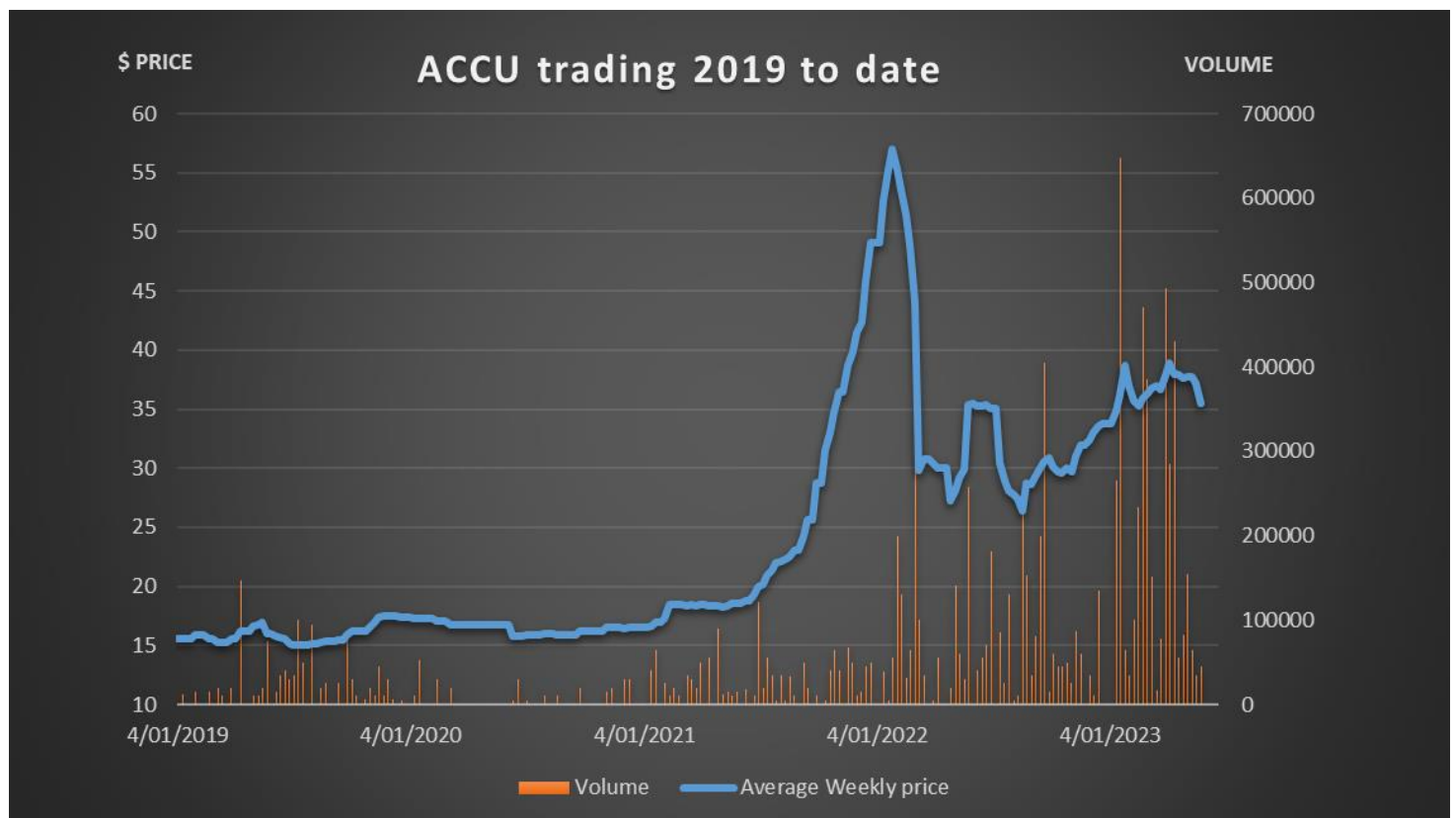
### ACCU

**ACCU** prices fell again this month.

The spot market opened 30 cents higher, at \$37.90 and then rose to \$38.00 before selling interest overwhelmed the rally. It seems like the prospect of increased demand for certificates due to the safeguard mechanism's extension has waned somewhat as that buying requirement is still some way in the future. The market continued to grind lower all month, closing at the low of \$34.75 on turnover of 405,000 ACCUs.

In forward trading 225,000 certificates traded for delivery from January to December 2024. This deal were struck at a cost of carry around 6% over the prevailing spot level.

Human Induced Regeneration (HIR) certificates continued to trade at a premium between 50 and 75 cents over the generic ACCU.



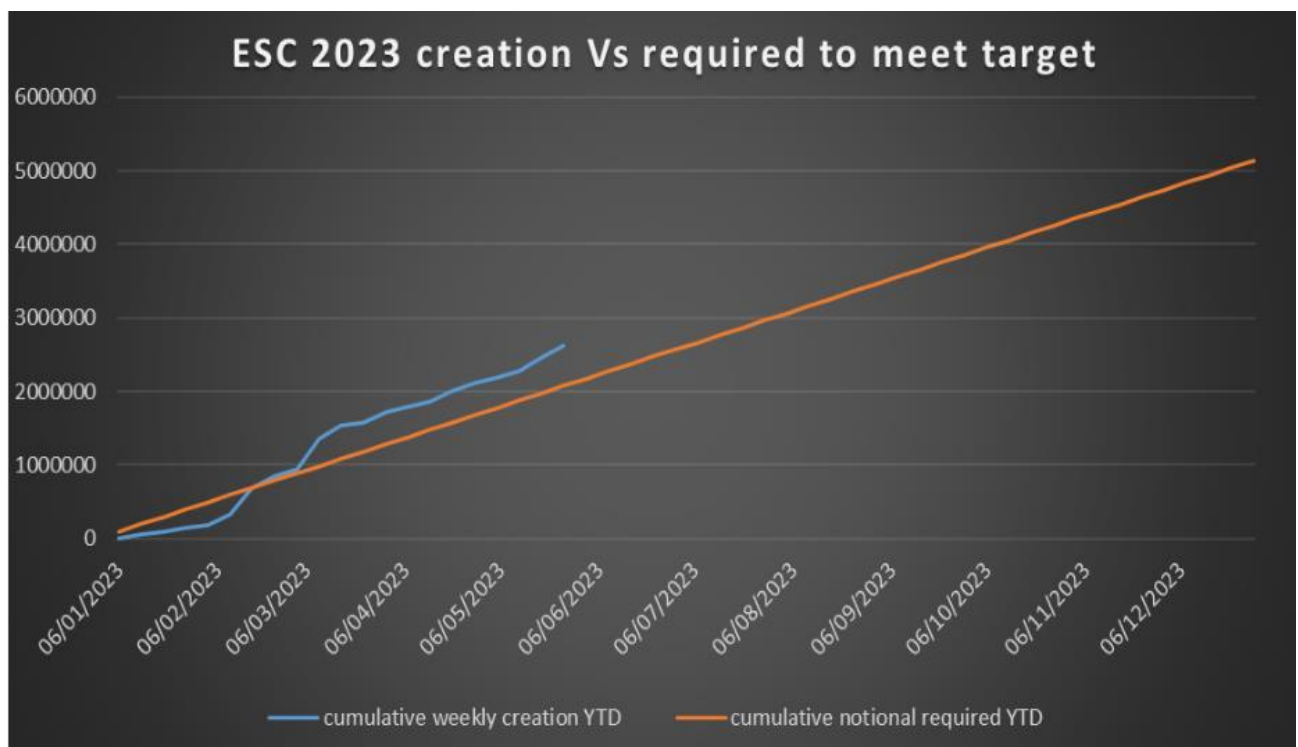
# NSW ESCs

ESC creation soared this month resulting in a sharp fall in certificate prices.

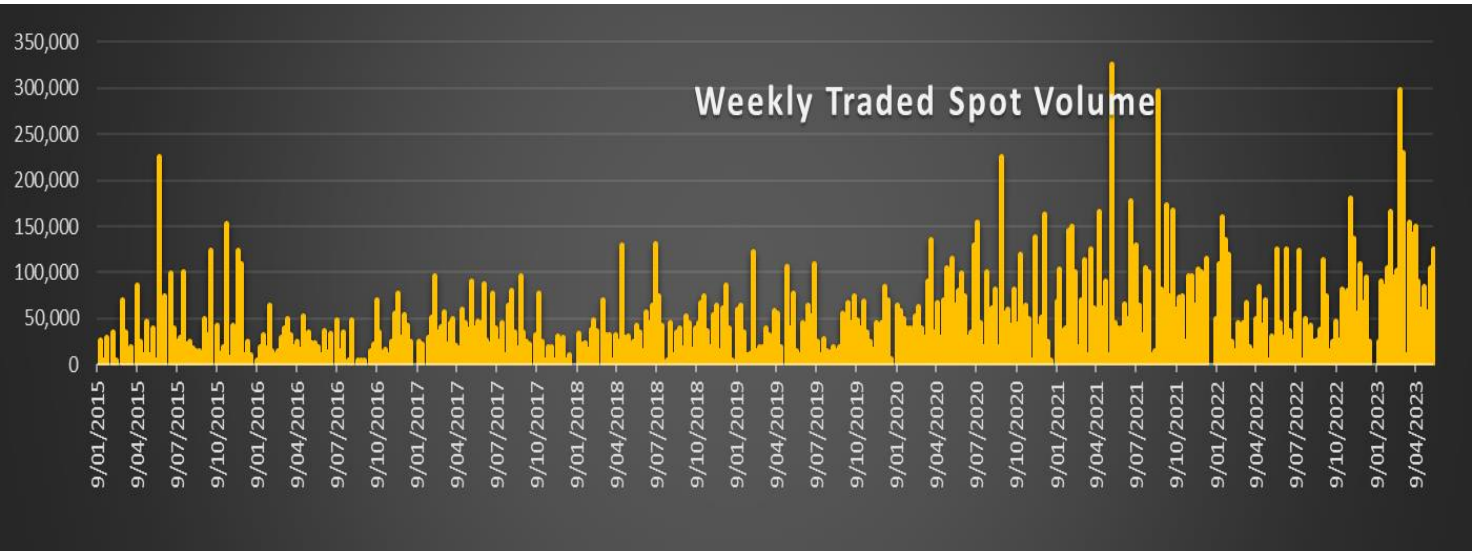
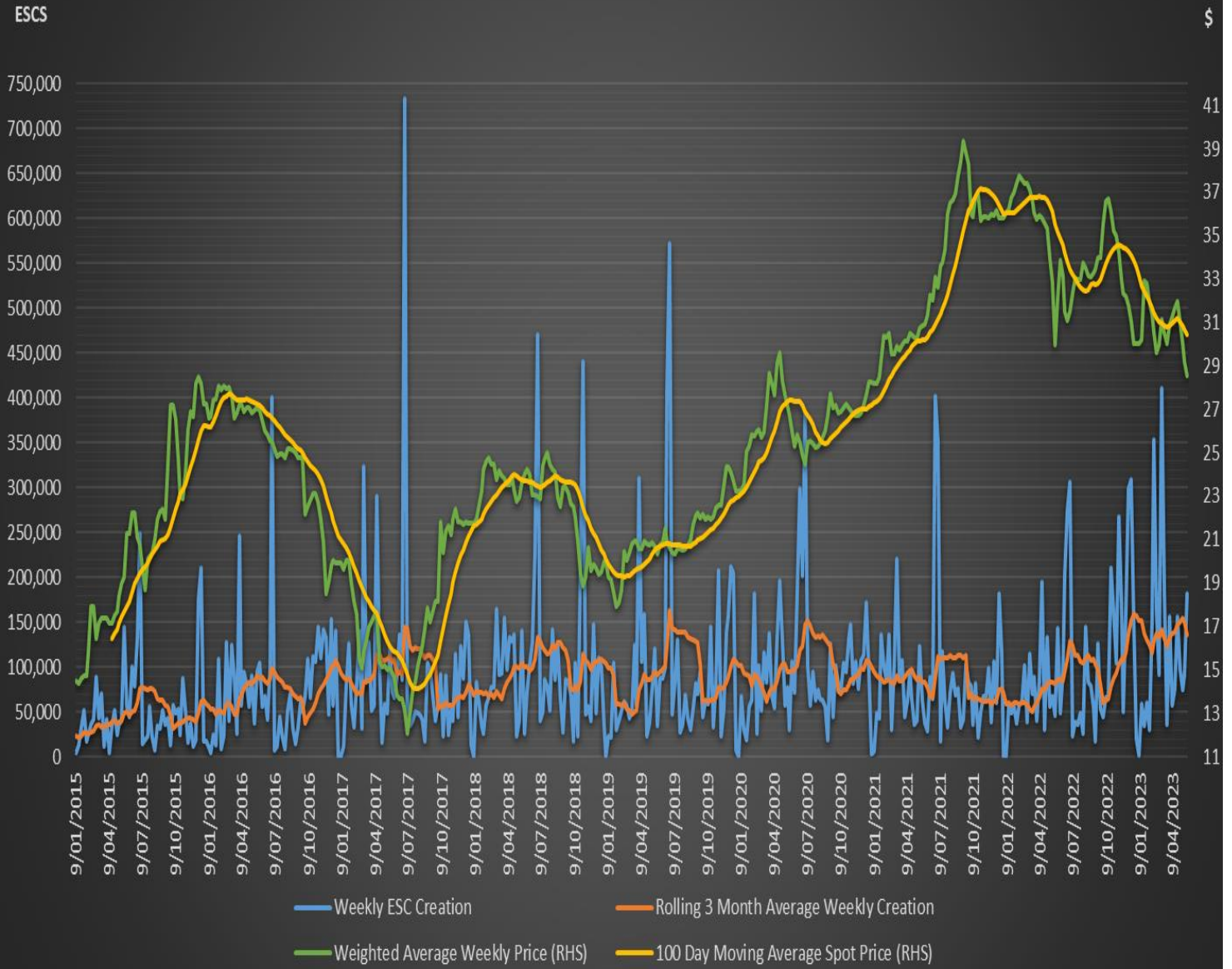
New certificate registrations were 200,000 higher than last month – coming in at 598,000. This brings the surplus in the Registry to 1.4 million over the number required for this year’s surrender. This surplus should rise even further in June as the deadline to create certificates for jobs completed in 2022 looms.

Spot trading opened at \$30.00, a drop of 75 cents. From there the market continued to trade down, hitting a low of \$27.50 before bargain hunting saw a slight rally back to a close at \$28.00. Volume was reported as 537,000 certificates.

The forward market was very active with 660,000 ESCs trading for delivery from June this year to December 2024. With higher interest rates the cost of carry saw a premium over the prevailing spot price rising from \$1.00 for trades settling late this year to \$1.60 for those delivering in 2024.



# WEEKLY ESC CREATION - ALL SOURCES



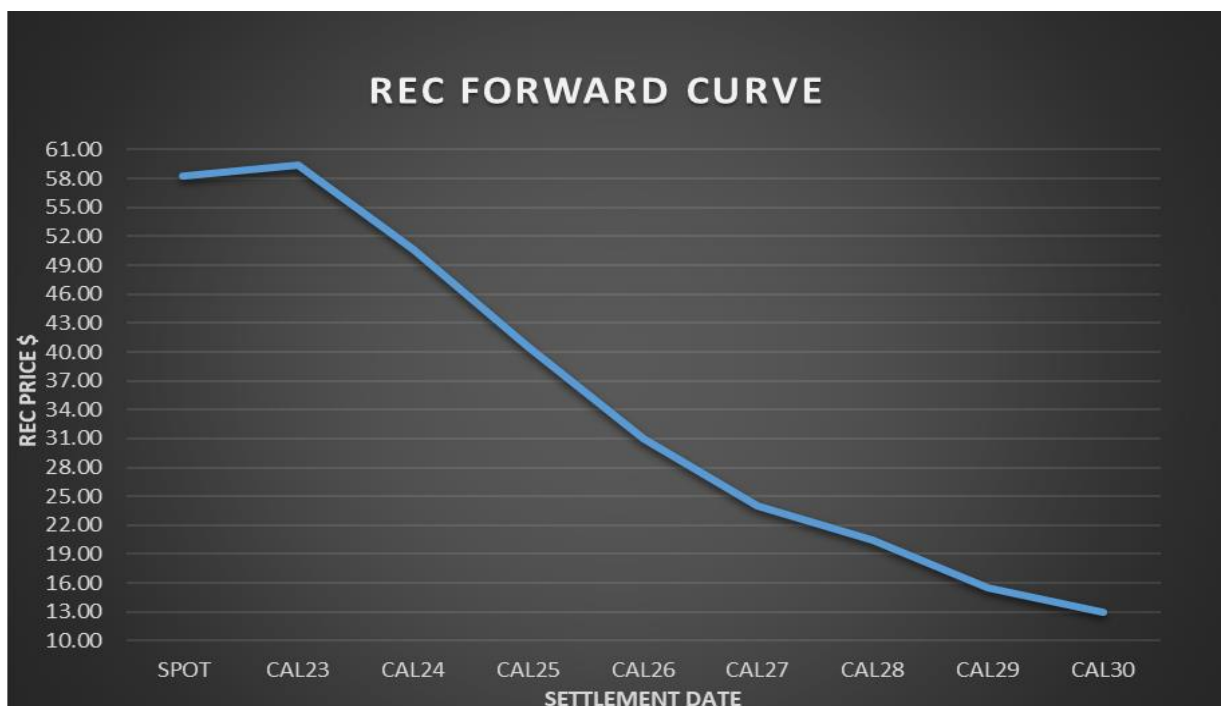
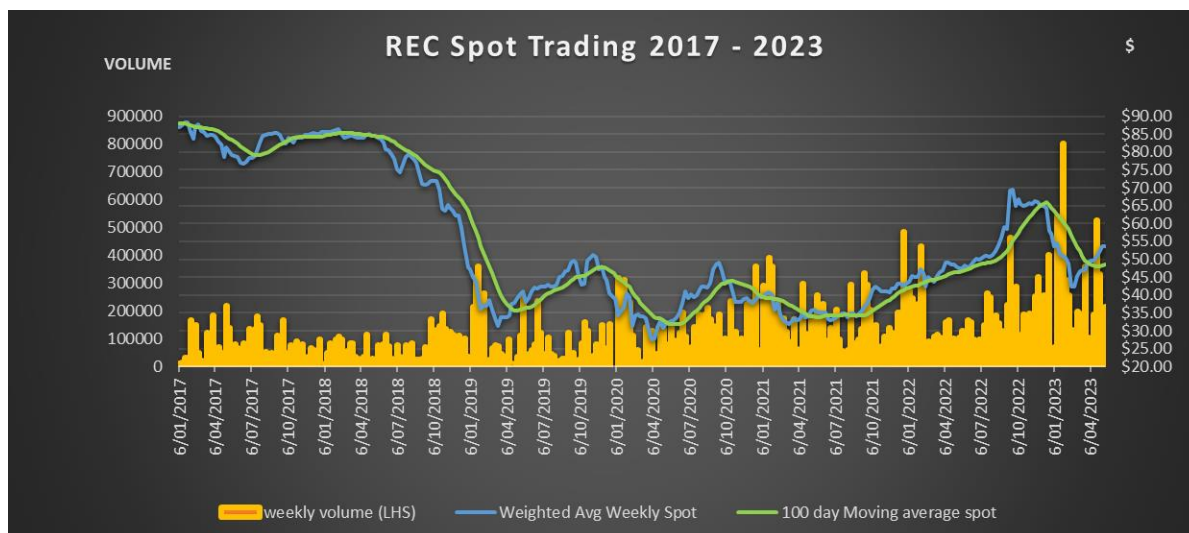
# Renewable Energy Certificates

The LGC rally continued unabated this month as CER figures revealed that 6 million certificates will need to be purchased this year to surrender against the 2020 shortfall, if those who didn't deliver then wish to recover their penalty payment. While this seems like a big addition to the buying need for this year, it is to be expected that there will be those who choose to roll their 2023 obligation forward and the average of the shortfall for the past few years is around 4.5 million. If this level of non-surrender continues, then the net extra buying activity is only around 1.5 million bringing the statutory demand to approximately 34.5 million. The number of certificates in the Registry was 25 million at the end of the month so it looks like there will be plenty of supply available. Ironically the higher the price rises the more incentive there is to shortfall this year.

The spot market opened 15cents higher at \$52.75 and rallied strongly from the outset, closing at the month's high of \$58.25 on turnover of 1.24 million LGCs.

Calendar 2023 added \$6.40 to close at \$59.40 on volume of 955,000 LGCs.

Calendar 2024 gained \$4.90 to finish at \$50.65 on turnover of 1.088 million certificates. Calendar 2025 traded 840,000 LGCs to close \$2.20 higher at \$40.50 while Calendar 2026 added \$3.00, closing at \$31.00 on turnover of 400,000 certificates.



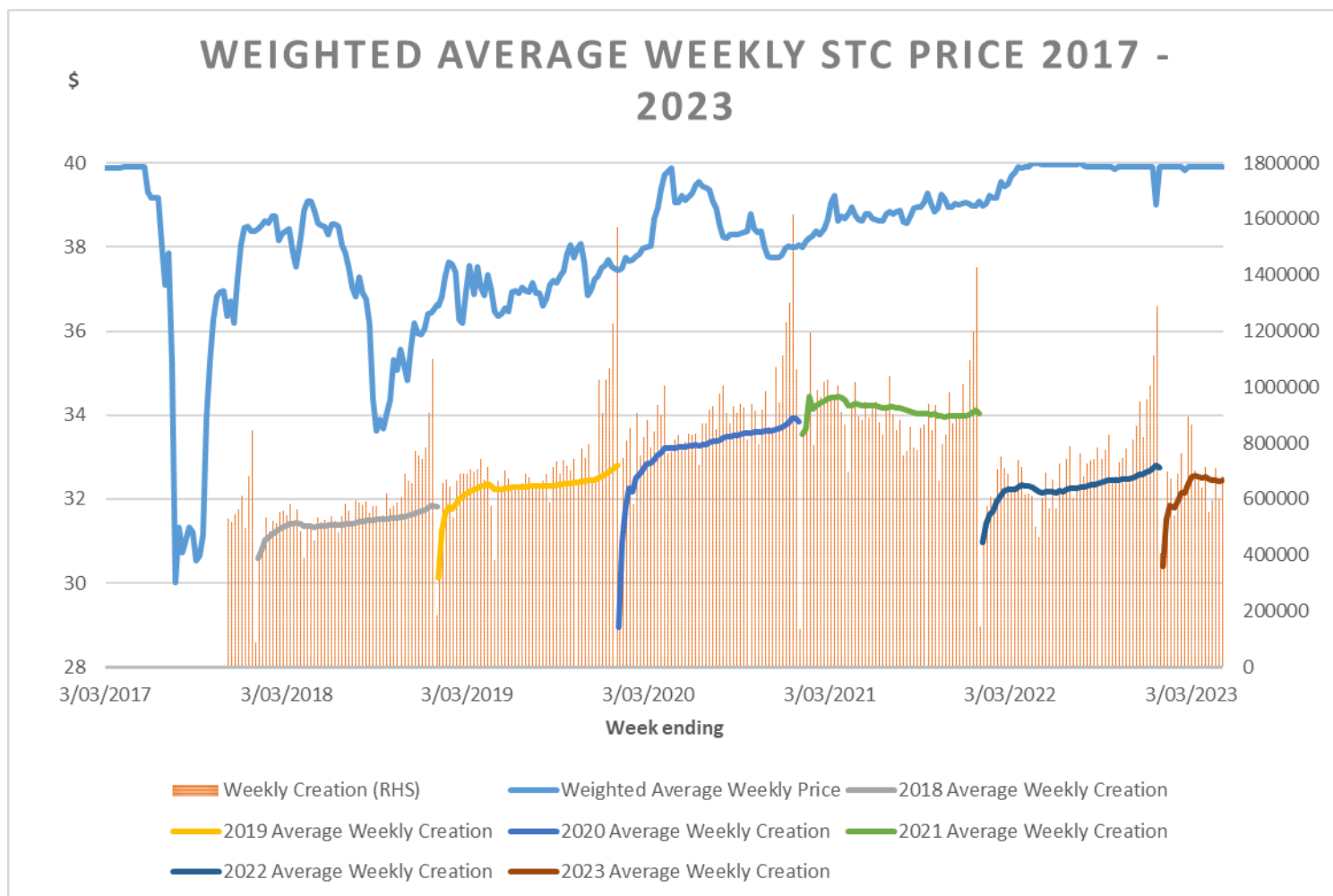
## Small Technology Certificates (STC)

The STC market was unchanged again this month with only one trade reported.

New certificate creation rose to 3.25 million in May, still leaving the Registry in deficit to the tune of approximately 4 million STCs.

With the clearing house still negative, representing a bid in the market at \$40.00, spot activity remained subdued with only one trade of 12,000 certificates dealing at \$39.90.

There were no reported forward trades.



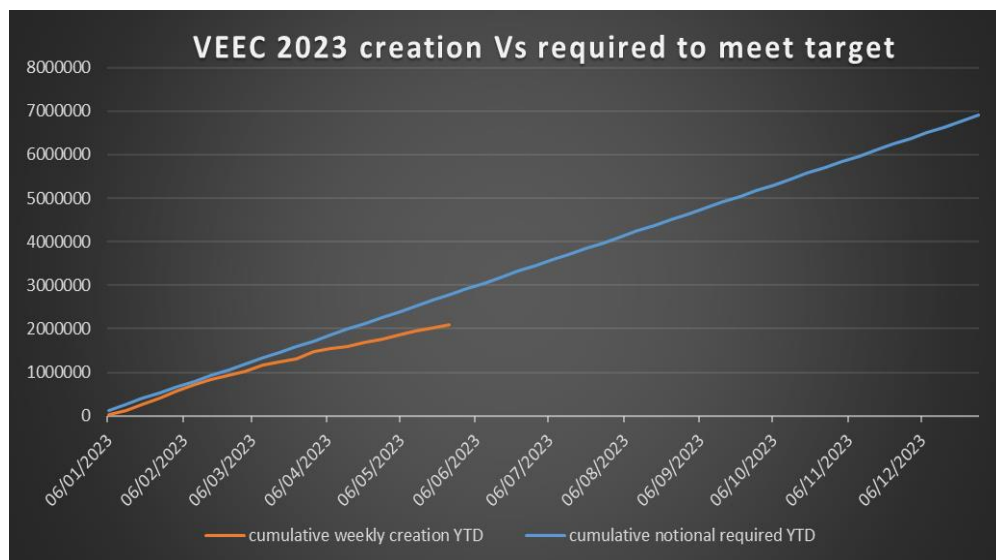
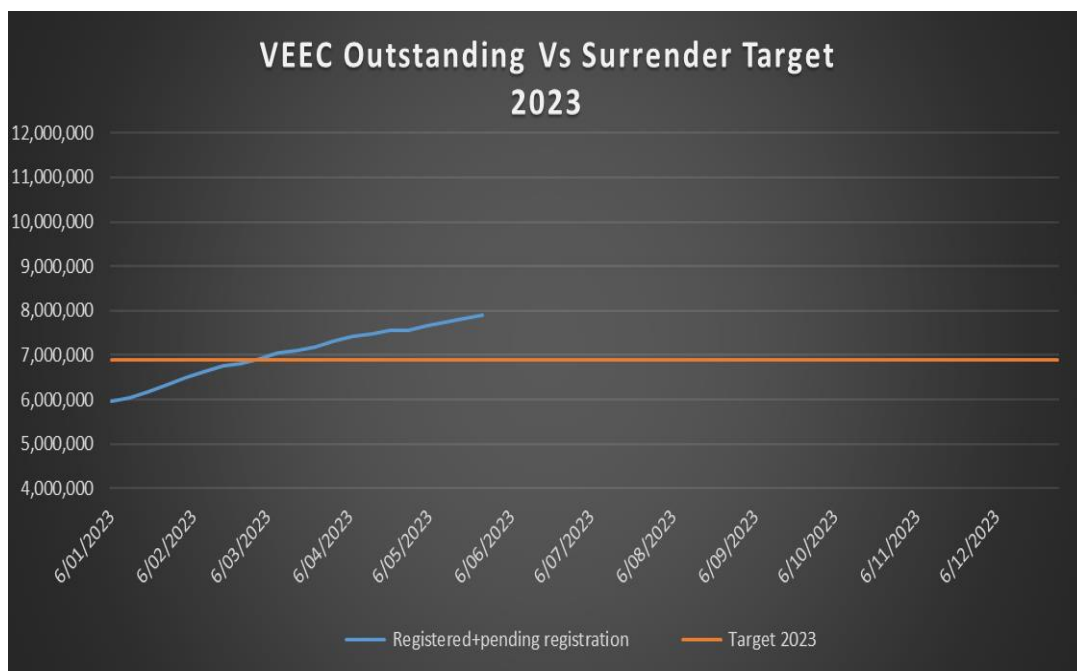
# VIC VEECs

VEEC prices rallied this month as creation continued to underwhelm.

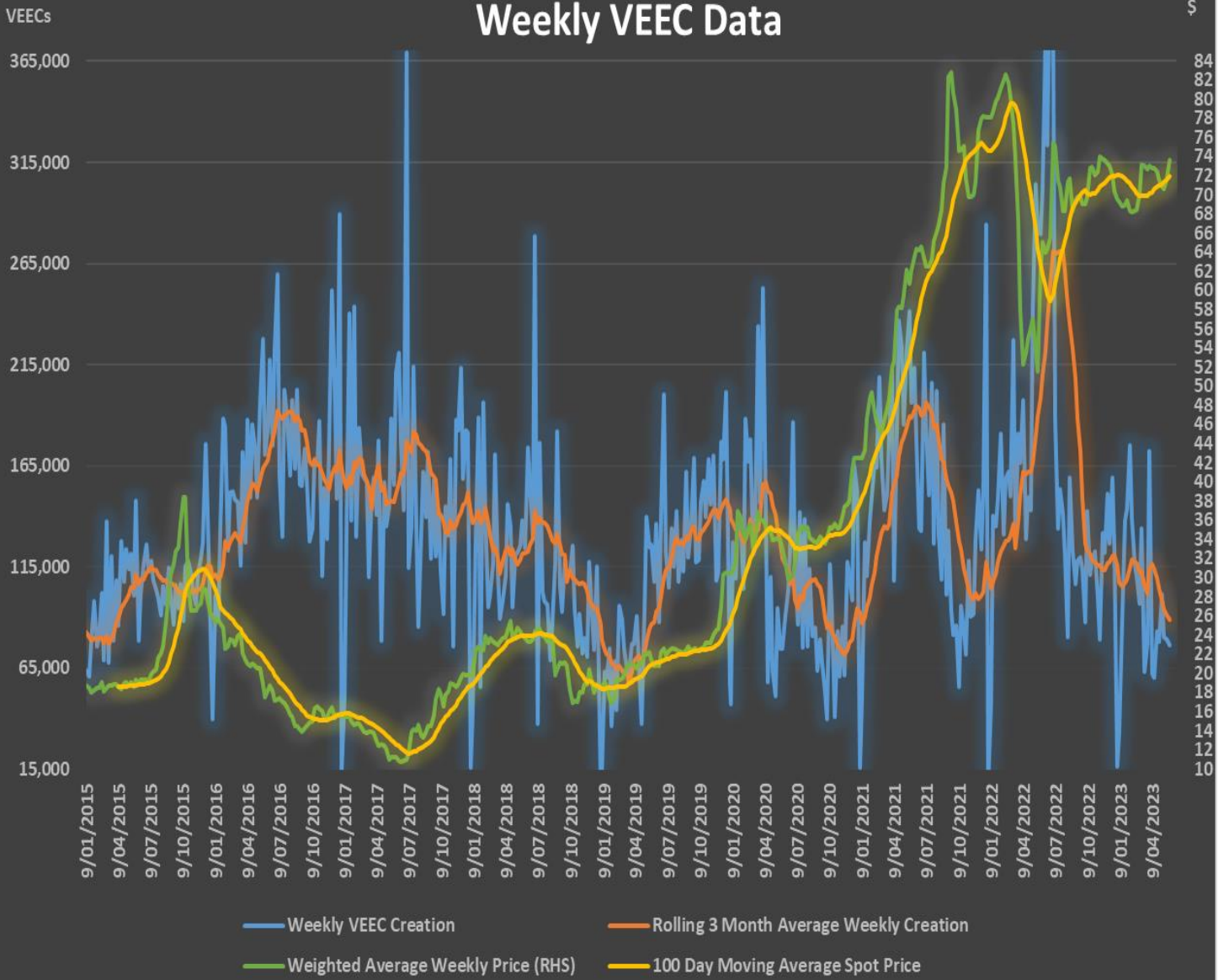
New registrations for the month came in about the same as April, at 389,000. This brings the surplus in the Registry over the number of VEECs required to be surrendered this year to about one million. Despite the size of the surplus, however, the creation rate this year so far is below the number needed to meet the surrender target meaning that, if this rate keeps up, the surplus carried forward to next year will be reduced. This thinking has impacted the market resulting in certificate prices rising in May.

The spot price opened 5 cents higher at \$71.30 but fell during the first week of the month to hit a low of \$70.00. From there the price rallied steadily to close at the high of \$74.00 on turnover of 599,000 certificates.

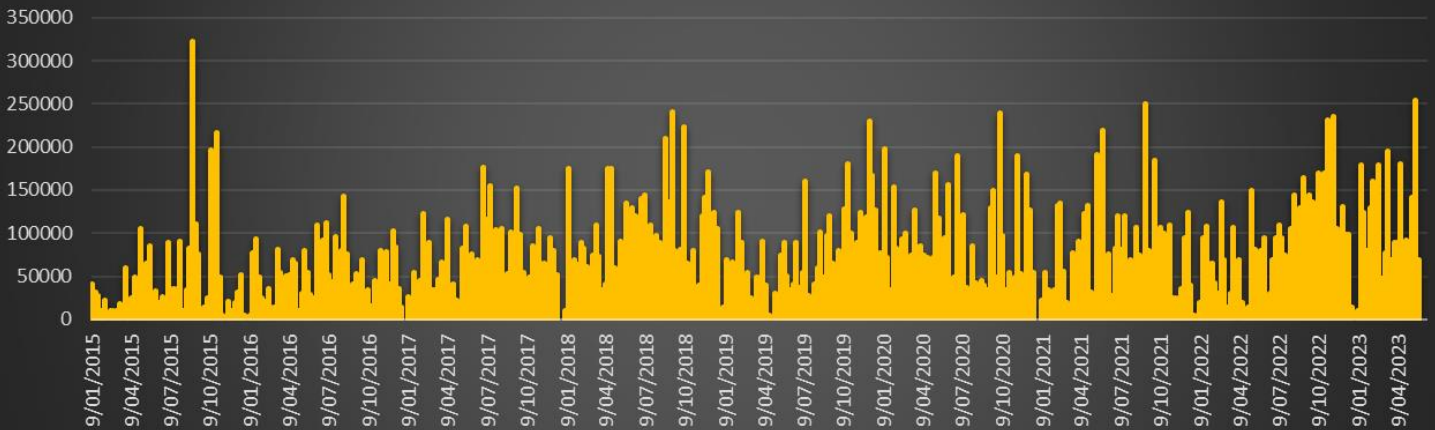
In forward trading 896,000 VEECs dealt for delivery from late May to June 2024. The curve had an upward bias with trades settling in the second half of this year attracting a premium of around \$1.25, rising to 2.25 for the first half of 2024.



# Weekly VEEC Data



# Weekly Traded Spot Volume



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