

Are you overpaying for environmental charges on your energy bill?

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By buying environmental certificates directly from Northmore Gordon and handing them to the energy retailer to surrender on the business's behalf, a business can cut the environmental charges component of its bill by 50%. Most energy contracts allow the customer to provide their own certificates to meet scheme obligations - the customer buys them directly, hands them to the retailer, and the retailer surrenders them under the scheme, achieving the same compliance outcome at lower cost. This approach cuts out the retailer's procurement margin, which typically adds 5-10% to certificate costs.

Publication context: This article reflects its publication date. Market prices, program rules, reporting duties and deadlines may have changed. Confirm current official guidance before making a decision.

Environmental certificate costs are often the most overlooked line on a commercial or industrial energy bill. Most buyers treat them as fixed, bundled into the electricity or gas contract and managed by the retailer. Negotiation effort goes into tariffs, demand charges and network costs. Environmental charges get a fraction of the scrutiny.

They shouldn't. By buying environmental certificates directly from Northmore Gordon and handing them to your retailer to surrender on your behalf, you can cut this component of your bill by 50%.

How environmental charges are built into your contract

Environmental certificates, VEECs, LGCs, STCs and ESCs, are required under various regulatory schemes. The obligation to surrender them is fixed by law. How you buy them is not.

In a traditional energy supply arrangement, the retailer sources the certificates, bundles them into your contract, and passes the cost through to you. It's convenient. They also add a procurement margin and often hide the underlying price. For a large energy user across multiple sites, that margin quietly becomes a material cost.

Already signed your energy contract? You can probably still act

Many buyers assume that once the contract is signed, certificate costs are locked in. They usually aren't. Most contracts allow the customer to provide their own certificates to meet scheme obligations. You buy them yourself, hand them to the retailer, and the retailer surrenders them under the scheme. Same certificates, same compliance outcome, lower cost.

What this looks like for a 25 GWh manufacturer

A manufacturing facility using 25-30 GWh of electricity a year can face environmental certificate obligations of \$150,000-\$400,000.

If those certificates are bought through a retailer with a 5-10% margin, the hidden cost is \$7,500-\$40,000 a year. For every \$1 million spent on certificates, a 5-10% margin adds \$50,000-\$100,000.

How Northmore Gordon can help

We review your energy contracts, analyse how certificate costs are priced, and source certificates directly on your behalf. You keep the same compliance position, we cut out the margin and save you money.

To see what you could save, contact Northmore Gordon.

Scheme and certificate context

Before using a certificate or grant figure, confirm the current scheme method, eligible activity, effective date, evidence requirements, price date and registration or application process.

Related guidance

Certificate services

Government schemes

Contact us

Read the original article for the source publication and its full context.

How can a business reduce environmental charges on its energy bill according to Northmore Gordon?

By buying environmental certificates directly from Northmore Gordon and handing them to the energy retailer to surrender on the business's behalf, a business can cut the environmental charges component of its bill by 50%. Most energy contracts allow the customer to provide their own certificates to meet scheme obligations—the customer buys them directly, hands them to the retailer, and the retailer surrenders them under the scheme, achieving the same compliance outcome at lower cost. This approach cuts out the retailer's procurement margin, which typically adds 5-10% to certificate costs.

What types of environmental certificates create obligations on commercial energy bills?

Four main certificate types create regulatory obligations: VEECs (Victorian Energy Efficiency Certificates under the Victorian Energy Upgrades scheme), LGCs (Large-scale Generation Certificates under the Renewable Energy Target), STCs (Small-scale Technology Certificates), and ESCs (Energy Savings Certificates under the NSW Energy Savings Scheme). Each scheme requires energy retailers to source and surrender certificates on behalf of customers. The specific certificates required depend on the customer's location and energy source. Understanding which certificates apply to your business is essential before negotiating direct procurement.

Why do environmental charges often go unnoticed on commercial energy bills?

Environmental certificate costs are frequently the most overlooked line item on commercial and industrial energy bills because most buyers treat them as fixed, bundled into the electricity or gas contract and managed invisibly by the retailer. Negotiation effort typically focuses on tariffs, demand charges and network costs instead. In reality, certificate costs are separate variables that can be managed independently. For a 25-30 GWh manufacturing facility, environmental certificate obligations can reach \$150,000–\$400,000 annually, making this line item material enough to warrant direct attention and procurement review.

What is the estimated financial impact of retailer margins on environmental certificate costs?

For every \$1 million spent on certificates through a retailer, a typical 5-10% margin adds \$50,000–\$100,000 in extra cost. A manufacturing facility using 25-30 GWh of electricity annually can face environmental certificate obligations of \$150,000–\$400,000. If those certificates are bought through a retailer with a 5-10% margin, the hidden cost is \$7,500–\$40,000 per year. This margin applies whether or not the customer is aware of it, making certificate procurement review a direct opportunity to reduce energy-related expenses.

Can a business reduce certificate costs after already signing an energy contract?

Yes. Most commercial energy contracts allow the customer to provide their own certificates to meet scheme obligations—a provision that remains available even after contract signature. The customer buys certificates directly from the market or through a specialist provider like Northmore Gordon, hands them to the retailer, and the retailer surrenders them under the applicable scheme, achieving the same compliance outcome at lower cost. This flexibility means an existing contract does not lock a business into paying retailer margins. We can review your contract terms and source certificates on your behalf to realise the saving.

How does Northmore Gordon assist businesses in reducing environmental certificate costs?

We review customers' energy contracts to identify how certificate costs are priced and structured, then source certificates directly on the customer's behalf. This approach keeps the same compliance position—the customer still meets its legal obligation to surrender the required certificates—while cutting out the retailer margin. Our moREnewable100 service procures renewable electricity certificates without requiring changes to existing electricity supply contracts, providing multi-site coverage, procurement flexibility, and technology/due-diligence support. Our environmental certificate services encompass project registration, certificate creation, trading and engineering/commercial assessment.

Is the obligation to surrender environmental certificates flexible or fixed?

The obligation to surrender certificates is fixed by law—retailers must surrender VEECs, LGCs, STCs or ESCs as required by their jurisdiction and the customer's energy use. However, how a business acquires those certificates is not fixed. A customer can source certificates independently and provide them to the retailer for surrender, rather than paying the retailer to source them. This distinction means the compliance requirement cannot be avoided, but the procurement pathway and associated costs can be optimised. We help businesses identify this flexibility and realise savings by managing certificate procurement directly.

What should a business know before negotiating direct certificate procurement?

Before negotiating direct certificate procurement, a business should understand which certificate types apply to its operations based on location, energy type and usage volume. Certificates required under different schemes (NSW ESS, Victorian Energy Upgrades, Renewable Energy Target) have different eligibility rules, creation processes and trading markets. The business should also verify that its energy contract permits customer-provided certificates—most do, but contract terms should be confirmed. We can assess your specific situation, identify applicable schemes and certificates, review your contract flexibility, and then source certificates at market rates without retailer markup, translating to direct savings on your energy bill.