

Australian Certificate Markets – August 2026 Update

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About this update

This dated news record has been reorganised for clear reading and connected to current guidance.

Publication date: September 1, 2026.

Status note: Present-tense statements, market figures, deadlines and program details in the archived record belong to its publication date. Check current official sources before making a decision.

What this article reported

Price Summary

| Certificate | Open | Close | Range | Effective cap | Movement / Reason | | --- | --- | --- | --- | --- | --- | |
PRC | \$2.70 | \$3.35 | \$2.70 - \$3.35 | \$3.80 | ▲ Rallied from 14 August on the 2027-28 target. CY27 forwards trading at \$3.05 | | ESC | \$29.00 | \$29.00 | \$28.85 - \$29.75 | \$51.23 | and Fourth month capped below \$30 | | VEEC | \$83.00 | \$84.00 | \$82.00 - \$84.00 | \$142.86 | ▲ Sideways, firmer into month end | | ACCU | \$38.25 | \$38.90 | \$38.20 - \$39.30 | \$82.68 | ▲ Drifted higher across the month | | STC | \$39.85 | \$39.85 | \$39.85 - \$39.85 | \$40.00 | and Unchanged in every session | | LGC | \$7.10 | \$7.70 | \$6.90 - \$9.00 | \$92.86 | ▲ Spike to \$9.00, then gave back most of it |

Open and close are the first quoted prices on or after the start and end of the month. Effective cap is the scheme shortfall penalty grossed up at the 30% company tax rate (penalty ÷ 0.70), except for STC and ACCUs.

STCs were the month's largest policy development; on 5 August the Australian Government announced it will expand Small-scale Renewable Energy Scheme (SRES) eligibility to solar PV systems above 100 kW and up to 1 MW, intended to systems installed from 1 October 2026 (subject to regulations being finalised). Note that the STC factor for mid-scale solar will be based on a five-year deeming period each year to 2030, rather than the annual step-down. The CER has said applications will not open until mid to late November 2026.

LGCs traded a wide range on data-centre policy speculation. National Cabinet agreed on 26 August that the Commonwealth will work with states and territories on mandatory standards for large data centres covering energy, water and land use, with legislation intended in early 2027. Separately, the AEMC's 5 August advice to Energy Ministers proposes that data centres offset their demand using certificates linked to new renewable generation under the Renewable Electricity Guarantee of Origin (REGO) scheme, with firming contracted alongside, and recognises a need for bridging arrangements allowing certificates from existing projects for a period.

PRCs rose over the second half of the month following the announcement on 14 August that the NSW 2027-28 PDRS target would be maintained at 8.5%, against the 0.5% set for 2026-27. On the most recent published forecast peak demand, an 8.5% target implies a scheme certificate target of the order of 68 million PRCs, compared with roughly 4 million for 2026-27. Forward prices after March 2027 are lower at \$3.05 due to the lower target. The three new C&I; battery activities, BESS3 , BESS4 and

BESS5 , commenced on 1 September 2026.

VEECs were steady. The Energy and Resources Legislation Amendment (VEET Strategic Review and Other Matters) Bill 2026 passed the Legislative Assembly on 13 August and the Legislative Council on 28 August, completing passage through both Houses; Royal Assent is the remaining step. The regulator (ESC) took further accreditation action during the month against A.K. Alvi Enterprises, Discount LEDs, Royal One, Eco Assets Manager, 0Carbon, Add On Services (Solar On Roof) and Renewable Energy (Re-Energi).

ESCs were quiet, with limited registrations and thin reported spot volume, and the market held between \$28.85 and \$29.75 for a fourth consecutive month below \$30. The registry surplus continues to be drawn down rather than replenished.

ACCUs drifted higher across the month. DCCEEW released the consultation paper for the 2026-27 Review of the Safeguard Mechanism on 7 August, with written submissions due 18 September 2026.

For daily pricing and charts, visit Northmore Gordon's live certificate price page:
<https://northmoregordon.com/certificate-prices/>

Regulatory Update - Program by Program

NSW Peak Demand Reduction Scheme (PDRS)

2027-28 target reported as maintained at 8.5%: Market reports on 14 August indicated the 2027-28 scheme target would be held at 8.5%, rather than reduced as the 2026-27 target was on 31 October 2025. The targets set in the Regulation run 5.5% for 2025-26, 7.5% for 2026-27 (reduced to 0.5%), 8.5% for 2027-28 and 10% from 2029-30. A target change must be made before the 31 October deadline in the year preceding the compliance period, so 31 October 2026 remains the operative date for any change to 2027-28.

BESS3-BESS5 commence 1 September 2026: BESS3 covers apartment buildings of at least four dwellings, capped at 5 kWh per apartment; BESS4 small and medium business, above 20 kWh and up to 200 kWh usable, with homes and data centres excluded; and BESS5 commercial, industrial and community, above 200 kWh and up to 30 MWh with the incentive calculated on the first 10 MWh. Usable capacity is assessed at 90% of nameplate, a higher coefficient applies where new solar is installed alongside, and BESS4 and BESS5 can each be claimed once per site. Minimum customer contributions apply.

DCCEEW's published estimate is unchanged: around 22 million additional certificates needed by March 2028 and at least 13.5 million by March 2027.

Watch in September: BESS3-BESS5 registrations from 1 September; the Safeguard Rule change scheduled to take effect 7 September; any departmental publication confirming the 2027-28 target ahead of 31 October.

NSW Energy Savings Scheme (ESS)

Second month under the 1 July Rule: Registration volumes remained low following closure of the gas water heater, space heater and boiler activities (D11/D12/D21, F8/F9), the end of the Sale of New Appliances method, and the 30% cut to the confidence factor for F16/F17 heat pumps at 10 kW and above. Legislated targets are 11.0%, 11.5% and 12.0% for 2026, 2027 and 2028, rising 0.5% a year to 13% in 2030.

Further Safeguard Rule change from 7 September 2026: A second Energy Security Safeguard Rule change affecting both the ESS and PDRS is scheduled to commence on 7 September 2026.

IPART consultation on accreditation conditions: IPART consulted on changes to Accreditation Notices and accreditation conditions imposed on ACPs under both schemes, with submissions closing 28

August 2026.

Watch in September: Registry data under the new Rule; the 7 September Rule commencement.

Victorian Energy Upgrades (VEU)

Strategic Review Bill passed both Houses: The Energy and Resources Legislation Amendment (VEET Strategic Review and Other Matters) Bill 2026 passed the Legislative Assembly on 13 August and the Legislative Council on 28 August. The Bill provides for more dynamic adjustment of per-activity certificate settings and annual targets, updates the scheme objectives to support electrification, and expands the Essential Services Commission's compliance and enforcement powers. Royal Assent is outstanding.

Targets: 2026 and 2027 targets are set in the VEET Regulations (4.4M and 4.6M respectively). Targets for 2028 to 2030 must be set by 31 August 2027 and will follow the Strategic Review.

Space heating and cooling: Changes to system design and sizing requirements for multi-split reverse-cycle air conditioners under the Part 6 activity are proposed to take effect from 30 September 2026. Market participants have pointed to incentive caps and increased co-payments for multi-split systems as a factor in creation volumes over the remainder of the calendar year.

Window upgrade activities: The ESC consulted on training and competency requirements for Activities 13 and 14, closing 14 August 2026, with updated VEET Guidelines and program guides expected on 7 September 2026.

Enforcement: Accreditation was cancelled or suspended during the month in respect of A.K. Alvi Enterprises, Discount LEDs, Royal One, Eco Assets Manager, 0Carbon, Add On Services (Solar On Roof) and Renewable Energy (Re-Energi).

State election (28 November 2026): The Coalition released its energy platform on 19 August, including removing the gas connection ban, an Energy Security Requirement to underpin new gas-fired generation, and cancellation of VNI West. Betting markets moved further toward a Coalition government during the month. Under the Bill as passed, either party would have greater flexibility to adjust targets and per-activity settings.

Watch in September: Royal Assent and commencement provisions; the 7 September Guidelines release; any pre-election policy detail on the VEU program itself.

Safeguard Mechanism / Australian Carbon Credit Units (ACCUs)

2026-27 Safeguard Mechanism Review consultation opened 7 August: Written submissions are due by 11:59pm AEST, 18 September 2026. Published scope includes scheme coverage arrangements (including whether the 100,000 tonne CO₂-e coverage threshold should change), the future role of Safeguard Mechanism Credits, ACCUs and international units, incentives for onsite abatement, arrangements for trade-exposed facilities, the treatment of banking and borrowing beyond 2030, and whether the cost containment measure remains appropriate. Reporting has noted that a reduced threshold of 25,000 tonnes CO₂-e has been raised previously; DCCEEW analysis at the time of the 2023 reforms found a threshold of 25,000 or 50,000 tonnes would change the composition of covered facilities without covering significantly more emissions.

Climate Change Authority advice: The Authority's consultation ran from 2 July to 9 August 2026 and informs its advice to Government on the Safeguard baseline decline rate for 2030-31 to 2034-35 and on the extent to which onsite abatement is being driven by the 2023 reforms.

Scheme data: The Q2 2026 QCMR data workbook is available; the full Quarterly Carbon Market Report is expected mid-September 2026. The Q1 2026 report recorded 5.5 million ACCUs issued and 2026 issuance on track for 22 to 26 million.

Watch in September: Submissions to the Safeguard review (closing 18 September); publication of the full Q2 2026 QCMR.

Large-scale Renewable Energy Target (LRET) - LGCs

Data-centre framework: National Cabinet on 26 August agreed to develop consistent mandatory standards for large data centres covering energy, water and land use, with Commonwealth legislation intended in early 2027. Positions on the renewable energy requirement remain contested between the Commonwealth and some states.

AEMC advice: The AEMC's 5 August advice proposes four elements - an obligation to offset demand with certificates linked to new renewable generation via the REGO scheme, an accompanying firming obligation, NEM market registration for data centres above a threshold, and support for demand flexibility and co-location. The AEMC estimates roughly 12 months to implement the certificate obligation and 24 to 36 months for registration and connection reforms after ministerial endorsement. National Electricity Rule change requests were due for ECMC consideration in September 2026.

Supply position: The LRET obligation remains fixed at 33,000 GWh to 2030. The Q1 2026 QCMR projected the surplus reaching around 35 million by February 2027. Reported CAL27 to CAL30 forwards traded in a \$6.75 to \$7.75 band in the week to 21 August.

Watch in September: ECMC consideration of the Rule change requests; the full Q2 2026 QCMR.

Small-scale Renewable Energy Scheme (SRES) - STCs

Eligibility expanded to 1 MW from 1 October 2026: Announced 5 August, subject to regulations. Eligibility criteria will include a maximum system size of 1 MW for new installations, a maximum combined capacity of 1 MW for expansions to existing systems, SRES installer and product accreditation, a written installer statement (designer and retailer statements will not be required for mid-scale solar), and compliance with electrical safety, planning and network connection requirements. Existing accredited large-scale systems remain under LRET arrangements.

Deeming: The STC factor for mid-scale solar will be based on a five-year deeming period each year to 2030. Systems at or below 100 kW continue under existing arrangements, including the annual step-down.

Applications: The CER has said applications will not open until mid to late November 2026, with assessment beginning after that.

Target-setting mechanics: The 2026 small-scale technology percentage is 11.67%, set on an estimate of 24.1 million STC creations for the year. The STP must be set by regulation by 31 March each year; non-binding estimates published for 2027 and 2028 are 10.75% and 7.77%. Volumes created from mid-scale solar between 1 October and 31 December 2026 were not in the modelling underlying the 2026 STP; the STP formula includes a cumulative adjustment for over- or under-creation in previous years, which is the mechanism through which any such volume would be reflected in a later year's percentage.

Interaction with the PDRS: From 1 September, NSW battery projects can access PRCs under BESS3-BESS5 alongside federal STCs for any accompanying new solar PV. Projects should be modelled across both schemes together.

Consultations open or expected

| Scheme | Item | Status | | --- | --- | --- | | Safeguard / ACCU | DCCEEW 2026-27 Safeguard Mechanism Review consultation paper | Open - closes 18 September 2026 | | Safeguard / ACCU | CCA 2026 Annual Progress Advice (includes Safeguard decline rate advice) | Closed 9 August 2026; advice pending | | ACCU | CCA fifth statutory review of the ACCU Scheme | To Minister August 2026; publication pending | | SRES | Regulations for mid-scale solar (100 kW - 1 MW), including design,

installation and compliance requirements | Announced 5 August; regulations pending | | NSW ESS / PDRS | IPART - Accreditation Notices and accreditation conditions | Closed 28 August 2026 | | NSW PDRS | 2027-28 scheme target | Reported 14 August as maintained at 8.5%; Regulation deadline 31 October 2026 | | VEU | Space heating and cooling - further Part 6 changes | Consultation paper flagged for later in 2026 | | VEU | Window upgrade activities (13 and 14) - training and competency | Closed 14 August 2026; guidelines expected 7 September 2026 | | LRET / REGO | Data centre National Electricity Rule change requests | With the AEMC; ECMC consideration September 2026 |

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How to use this information now

For current use, confirm the applicable scheme rules, regulator notices, market date and reporting period. Keep historical prices or forecasts separate from present quotes and verified outcomes.

Separate source-reported facts from forecasts, targets and commentary. For a current project, retain the official source, version, effective date, assumptions and decision record in the evidence file.

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What were the opening and closing prices for PRCs in the August 2026 update, and why did they rise?

PRCs (Peak Reduction Certificates) opened at \$2.70 and closed at \$3.35, trading in a range of \$2.70–\$3.35 with an effective cap of \$3.80. They rallied from 14 August after the NSW 2027-28 Peak Demand Reduction Scheme target was reported as maintained at 8.5%, while CY27 forwards were trading at \$3.05. For projects under the NSW PDRS, this price movement affects the commercial viability of business battery activities (BESS4 and BESS5) commencing on 1 September 2026. We can assess certificate quotations against current market conditions and help verify whether quoted PRC values reflect realistic pricing assumptions in investment cases.

How did VEECs move during August 2026, and what does the sideways market indicate?

VEECs (Victorian Energy Efficiency Certificates) opened at \$83.00 and closed at \$84.00, trading in a range of \$82.00–\$84.00 with an effective cap of \$142.86. The market moved sideways and was firmer

into month end. This stability, combined with the passage of the VEET Strategic Review Bill through both Houses in August, suggests cautious market sentiment ahead of the Victorian state election on 28 November 2026. For VEU project teams, stable VEEC prices provide reasonable confidence in certificate assumptions for investment cases prepared in August, though political uncertainty may warrant scenario analysis given potential policy shifts under a new government.

What happened to ESC prices in August 2026, and what does the capped market signal about scheme participation?

ESCs (NSW Energy Savings Certificates) opened and closed at \$29.00, trading in a range of \$28.85–\$29.75 with an effective cap of \$51.23. This marked the fourth consecutive month capped below \$30, with limited registrations, thin reported spot volume, and the registry surplus continuing to be drawn down rather than replenished. The weak market reflects the impact of the 1 July Rule changes, including closure of popular activities (gas appliances) and reduced confidence factors for heat pumps. For NSW Energy Savings Scheme projects, low ESC prices reduce certificate revenue and may alter payback timelines. We recommend building investment cases with conservative ESC valuations and ensuring that project economics remain viable without relying on future price recovery.

What major policy announcement in August 2026 affected STC eligibility and application timing?

On 5 August 2026, the Australian Government announced it will expand Small-scale Renewable Energy Scheme (SRES) eligibility to solar PV systems above 100 kW and up to 1 MW, intended for installations from 1 October 2026, subject to regulations being made. The CER stated that applications will not open until mid to late November 2026. For solar projects currently in design or procurement, this announcement creates timing considerations. Systems installed before 1 October 2026 under the existing 100 kW cap remain eligible; larger systems must defer installation or face uncertainty about retroactive eligibility. We can verify the enacted requirements and application arrangements for a proposed system's actual installation date before finalising STC assumptions in the investment case.

What were the three new battery activities introduced under the NSW PDRS on 1 September 2026, and which projects can qualify?

Three commercial and industrial battery activities commenced on 1 September 2026: BESS3 (apartment buildings with at least four dwellings, capped at 5 kWh per apartment); BESS4 (small and medium business sites above 20 kWh up to 200 kWh usable, excluding homes and data centres); and BESS5 (larger sites above 200 kWh up to 30 MWh, with incentive calculated on the first 10 MWh). Each activity has distinct eligibility requirements including equipment specifications, installation and operational conditions. Before equipment selection is final, projects must verify the current approved requirements directly with the Peak Demand Reduction Scheme Rule document. We can assess whether a proposed battery site and configuration meet the applicable activity requirements and help interpret certificate quotations for the correct activity and rule date.

What regulatory changes to the NSW Energy Savings Scheme took effect on 1 July 2026, and how do they affect project eligibility?

The NSW ESS entered operation under the '1 July Rule' with significant changes: closure of gas water heater, space heater and boiler activities (D11/D12/D21, F8/F9); end of the Sale of New Appliances method; and a 30% cut to the confidence factor for heat pump activities F16/F17 at 10 kW and above. Registration volumes remained low in August, with further changes scheduled for 7 September 2026. These changes substantially narrow the eligible activity menu and reduce expected certificate quantities for affected measures. We recommend reviewing any ESS project assessment or investment case prepared under prior rules. An adviser should confirm the current approved activity, method guidance and confidence factors before finalising certificate assumptions or proceeding with procurement.

What did the 2026-27 Safeguard Mechanism Review consultation, opened 7 August 2026, propose for future consideration?

The consultation, with submissions due 18 September 2026, covers scheme coverage (including whether the 100,000 tonne CO₂-e threshold should change), the future role of Safeguard Mechanism Credits, ACCUs and international units, incentives for onsite abatement, trade-exposed facility arrangements, treatment of banking and borrowing beyond 2030, and whether the cost containment measure remains appropriate. These topics may affect future ACCU eligibility, credit supply and pricing. For facilities managing Safeguard Mechanism obligations, the consultation outcomes could shift the economics of abatement projects and carbon credit strategies. We can help organisations assess exposure to these potential changes and develop hedging approaches that separate compliance certainty from speculative carbon credit price assumptions.

What accreditation actions did the Victorian Essential Services Commission take in August 2026, and what does this signal about compliance?

The ESC took accreditation action during August 2026 against A.K. Alvi Enterprises, Discount LEDs, Royal One, Eco Assets Manager, 0Carbon, Add On Services (Solar On Roof), and Renewable Energy (Re-Energi). These actions reflect the ESC's active enforcement of compliance and professional scope requirements under Victorian Energy Upgrades. For VEU projects, this enforcement pattern underscores the importance of selecting accredited providers whose scope of accreditation matches the proposed activity. We can verify that proposed practitioners and accredited providers have current, valid accreditation for the specific activity, method and professional competency level required. Checking accreditation status protects project eligibility and avoids reliance on providers subject to compliance action.

How might the Victorian state election scheduled for 28 November 2026 affect the VEU program and investor confidence?

Victoria's state election is scheduled for 28 November 2026. The Coalition released an energy platform on 19 August 2026 including removal of the gas connection ban and cancellation of VNI West; betting markets moved toward a Coalition government during August. Under the VEET Strategic Review Bill as passed, either party would have greater flexibility to adjust targets and per-activity certificate settings. This political uncertainty may affect VEEC prices, activity specifications and scheme direction after the election. For VEU projects in design or early investment phases, scenario analysis should consider potential policy shifts. We can help teams build resilient investment cases that remain viable under plausible changes to certificate assumptions or scheme operating parameters.

What investment timeline does DCCEEW's estimate establish for the NSW PDRS, and what deadline applies to target changes?

DCCEEW's published estimate is around 22 million additional PDRS certificates needed by March 2028 and at least 13.5 million by March 2027. A target change must be made before the 31 October deadline in the year preceding the compliance period, so 31 October 2026 remains the operative date for any change to the 2027-28 target. This timeline creates urgency for pipeline projects planning to reach completion before March 2027 or 2028, as delays may affect certificate availability and pricing. For battery projects under BESS4 and BESS5 commencing in September 2026, early registration and evidence collection position projects to deliver certificates within the expected compliance windows. We can help project teams sequence work to align with scheme deadlines and maintain eligibility pathways.