

Australian Certificate Markets – February 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: March 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

Executive Summary by Hamish McGovern, Group Managing Director

The Australian environmental certificate markets in February 2026 were characterised by a general softening in prices across most sectors, driven by high supply and the meeting of compliance deadlines. While the ACCU, ESC, LGC, and STC markets saw downward price pressure, the VEEC market remained a notable outlier, with prices continuing to climb despite strong creation rates.

ACCU Softening: Prices for ACCUs drifted down from \$37.50 to \$36.25 as March 31 compliance demand was largely satisfied and the CER expecting issuance for 2026 to grow to 22-26m.

ESC Eased, while ESCs finished lower at \$22.25 following increased end-of month registration volume. The NSW ESS had the statutory review and rule change consultations close in February.

VEEC Liquidity Constraints: Despite creation rates reaching 120k-130k per week (above the run rate for the 4.4M annual target), a lack of spot liquidity pushed prices up to finish February at \$83.00. The VEU Regulator the ESC continues to maintain a strict enforcement stance, with multiple accreditation cancellations. In case you missed it the VEU workplan was updated in December including insulation, hydronic heating, PBA streamlining, and more.

LGC Oversupply Crisis: The LGC market remains heavily oversupplied, with prices dropping below \$4.00 and recovering slightly. NSW & Federal policy is now pivoting toward requiring "additionality" for new large-scale data centres to stimulate new investment. That AEMO predicts could be 12% of the grid by 2040. It remains to be seen if LGCs (or REGOs) are the mechanism to drive this investment.

STC Target Adjustment: The 2026 STP target has been set at 24 million certificates, a reduction from the previous year, contributing to a slight price softening to \$39.60.

For daily pricing and charts, visit Northmore Gordon's live certificate price page.

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 caused the overall softening in Australian environmental certificate markets during February 2026?

February 2026 saw a general price decline across most certificate schemes—ACCU, ESC, LGC, and STC—driven by high supply levels and the satisfaction of March 31 compliance deadlines. ACCU prices drifted down from \$37.50 to \$36.25 as compliance demand was largely met, while the Clean Energy Regulator indicated ACCU issuance for 2026 would grow to 22–26 million units. ESC prices eased following increased end-of-month registration volume. This pattern reflects the cyclical nature of compliance-driven markets where price weakness typically follows deadline periods.

Why did VEEC prices diverge from broader market softening in February 2026?

Despite strong VEEC creation rates reaching 120,000–130,000 per week—above the run rate needed for the 4.4 million annual target—VEEC prices rose to finish February at \$83.00. This counter-intuitive movement resulted from a lack of spot liquidity in the market rather than supply-demand fundamentals. The mismatch between creation volume and available trading liquidity created pricing pressure upward, demonstrating that market structure and participant activity can override typical supply dynamics. This pattern is relevant for Victorian Energy Upgrades projects where certificate revenue is being projected.

What regulatory developments in the NSW Energy Savings Scheme should project sponsors be aware of?

The NSW Energy Savings Scheme underwent its statutory review with rule change consultations closing in February 2026. The scheme's regulatory framework—including the Energy Savings Scheme Rule effective 7 September 2026—establishes eligibility and measurement requirements for ESC creation. Project sponsors should monitor updated method guidance and rule provisions, particularly for PIAM&V; projects where baseline procedures must be deemed appropriate by an approved M&V; professional before implementation. Our knowledge library provides guidance on current ESS requirements and can assist in assessing how rule changes affect project pathways.

What is the significance of Essential Services Commission enforcement actions in the VEU market?

The Essential Services Commission, which regulates Victorian Energy Efficiency Certificates (VEECs), maintains a strict enforcement stance with multiple accreditation cancellations reported. This enforcement activity indicates heightened scrutiny of accredited provider compliance, scope and record-keeping obligations. For VEU projects, this reinforces the importance of working with providers whose professional scope is verified and whose processes align with regulatory requirements. Our experience with VEU assessment includes confirmation of provider credentials and activity eligibility before relying on certificate contributions to project economics.

How might the LGC market's oversupply and data-centre policy shifts affect renewable-energy investment strategies?

The LGC market remained heavily oversupplied in February, with prices dropping below \$4.00. NSW and Federal policy are now pivoting toward requiring 'additionality' for new large-scale data-centre renewable-energy investment. AEMO projects data centres could represent 12% of grid demand by 2040, but it remains unclear whether LGCs or alternative mechanisms such as REGOs will drive this investment. For organisations evaluating renewable energy procurement or solar investments, this policy uncertainty highlights the importance of separately assessing large- and small-scale certificate eligibility, market conditions and the appropriate renewable pathway for the intended claim.

What does the 2026 STP target reduction to 24 million certificates mean for small-scale solar and battery projects?

The Small-scale Technology Percentage (STP) target for 2026 was set at 24 million certificates, a reduction from the previous year. This lower target contributed to softening in STC prices, which finished February at \$39.60. For small-scale solar PV and eligible battery system projects, the lower target environment may affect revenue projections. CER announced an expansion of solar PV eligibility from 100 kW to 1 MW effective 1 October 2026 (subject to regulations being made), which could alter the competitive landscape. Investment cases for small-scale projects should separately model certificate quantity, price and scheme eligibility assumptions rather than relying on historical case examples.

How can organisations track real-time certificate price movements and market conditions?

We maintain a live certificate price page at northmoregordon.com/certificate-prices/ offering daily pricing and charts for Australian environmental certificates. This resource enables organisations to monitor market trends, inform investment timing decisions and validate assumptions used in project economics. For projects relying on certificate revenue—whether ACCU, ESC, VEEC, LGC or STC—tracking current and forward-looking price signals helps management understand downside scenarios and compare base-case assumptions with market reality. Integrating actual price data into periodic project-review cycles supports more informed financial forecasting than relying on historical or theoretical pricing.

What role do compliance deadlines play in certificate market dynamics and project timing?

February's price movements demonstrate the cyclical nature of compliance-driven certificate markets. The March 31 deadline for ACCU compliance satisfied demand leading into month-end, after which prices drifted lower. Similarly, ESC volumes spiked at month-end as registrations closed. For energy-project sponsors, understanding these compliance cycles is relevant to certificate sale timing and cash-flow planning. Projects should separately model certificate timing—registration, issuance, and sale—rather than assuming linear distribution across the year. Our project-timing guidance emphasises capturing evidence before works begin and coordinating nomination, measurement and claim schedules with applicable scheme deadlines.