

Australian Certificate Markets – January 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: February 2, 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

January is typically a quieter month for the markets, but things were moving by the second week.

ACCU prices firmed from mid-\$36 into the high-\$37s as Safeguard surrender (March 2026) approaches.

VEECs strengthened from mid-\$70s to ~ \$81 , with the market watching how 2026-27 creation rates track against materially lower targets.

LGCs fell sharply to ~ \$5.25 at the end of January, with retailer buying for the annual surrender in February contributing to volatility.

ESCs stayed resilient around \$22.75 despite structural oversupply, with attention now on the ESS Rule Change review and the ESS Policy reform consultation . (NSW Climate and Energy Action)

STCs Clearing in House surplus has seen prices drifting down to \$39.60, with clearing house now taking 2-3 weeks to process purchases.

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

ACCUs, ESCs, LGC , PRC, STC (last 12 months) - see VEECs lower down

ACCU Market Update January price action: ACCUs started in the mid-\$36s, traded to high-\$37, and back to mid-\$36, then finished the month just under \$38 .

The ACCU (and SMC) price is driven primarily by compliance requirements under the Safeguard Mechanism. Facilities emitting over 100,000 tCO₂-e per annum must reduce their emissions by 4.9% each year to 2030 or surrender ACCUs or SMCs to meet their shortfall. Reporting is done in October, application for SMC issues in January, and unit surrender by 31 st March each year.

VEEC Market Update

January price action: VEECs were quiet early month , trading down to \$75.50 , then strengthened to finish just on \$81.00 .

Pricing is keenly watching expected production volumes in 2026 versus lower future targets and whether the current price is high enough to generate volumes in the residential AC market. The step-down in targets for 2026 (4.4m) and 2027 (4.6m) versus 2025 (7.3m) means less VEECs are required by retailers. Additionally, the actual 2024 surrender (published in Nov-2025) was ~10% lower than expected (lower energy usage) meaning an 650,000 extra VEECs exist in the market.

The market is still awaiting the outcome of Strategic Review of the VEU , which whilst longer term implications will likely impact prices.

LGC Market Update

January price action: LGCs started around \$6.25, moved up over \$7, then sold off hard to finish at \$5.25 in the final few days the month . The late-month move coincided with end of retailer buying for early February surrender, increasing near-term volatility.

The market continues to grapple with surplus conditions where supply growth has outpaced demand, with additional renewable build encouraged via mechanisms such as the Capacity Investment Scheme (CIS) . With the LRET concluding in 2030 , the market remains sensitive to how voluntary market and how post-2030 policy settings evolve.

ESC Market Update

ESCs began January around the low-\$23s, softened briefly, and was sitting around \$22.75 at the end of January.

Despite structural oversupply, ESC prices have held up better than expected. This reflects lower recent creation volumes and ongoing adjustment after the removal of some large-volume activities (including commercial lighting) from the scheme.

NSW Energy Security Safeguard has two consultations underway: the annual ESS Rule Change Review and an ESS Policy Reform , both due 20 th Feb. These processes are likely to be a key near-term focus for market participants as they shape future scheme design and certificate supply/demand dynamics. <https://www.energy.nsw.gov.au/nsw-plans-and-progress/regulation-and-policy/energy-security-safeguard/review-and-reform>

STC Market Update

STCs have eased slightly, trading around \$39.60-\$39.65

The STC Clearing House surplus (5m) is weighing on spot pricing and extending Clearing House processing timelines to 2-3 weeks.

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 drove ACCU price movements in January 2026, and what is the commercial significance?

ACCU prices firmed from mid-\$36s into high-\$37s as the Safeguard Mechanism surrender deadline approached in March 2026. This pricing reflects compliance requirements: facilities emitting over 100,000 tCO₂-e annually must reduce emissions 4.9% yearly to 2030 or surrender ACCUs/SMCs to cover shortfalls. Reporting occurs in October, SMC issuance in January, and surrender by 31 March. For project developers, this compliance-driven demand supports ACCU revenue certainty during the surrender window, though prices may vary outside peak compliance periods. Understanding this timing helps structure project economics and certificate sale strategies.

How should VEEC price and target changes in 2026–27 influence investment decisions?

VEEC targets are stepping down materially: 4.4 million in 2026 and 4.6 million in 2027, down from 7.3 million in 2025. January saw VEECs trade from \$75.50 to \$81, with market focus on whether 2026–27 creation volumes track the lower targets and whether residential AC market generation remains viable at current prices. The Strategic Review outcome will shape longer-term policy. For building-upgrade projects in Victoria, this signals tightening certificate supply and potentially stronger pricing, supporting investment cases. Project assessment should verify current eligible activities and VEU scheme requirements before relying on certificate valuations.

What does the LGC oversupply mean for renewable energy projects seeking large-scale generation certificates?

LGC prices sold off sharply in late January to \$5.25 after trading above \$7, reflecting structural surplus where renewable supply growth has outpaced demand. The Large-scale Renewable Energy Target concludes in 2030, creating uncertainty about voluntary market evolution and post-2030 policy. This environment requires careful certificate-pathway assessment: projects must confirm current LGC eligibility, understand post-2030 implications, and evaluate whether REGOs or other attributes better serve intended claims. Our renewable-certificate guidance helps distinguish scheme eligibility and characterise the commercial risks of each pathway for project investment cases.

Why did ESC prices hold up better than LGCs despite similar oversupply in the NSW market?

ESC prices eased to around \$22.75 by month-end despite structural oversupply, performing better than expected. This resilience reflects lower recent creation volumes and removal of large-volume activities—particularly commercial lighting—from the Energy Savings Scheme. The market remains sensitive to NSW ESS Rule Change Review and ESS Policy Reform consultations (both due 20 February), which will signal future scheme design and supply dynamics. For NSW energy-efficiency projects, current pricing and pending policy clarity suggest monitoring consultation outcomes before finalising certificate revenue assumptions in investment cases.

How should project teams treat ACCU and VEEC revenue in investment cases given the price volatility observed?

January's price movements across all certificates underscore the need to separate quantity, price, and eligibility as distinct uncertainties. ACCUs firmed toward compliance deadlines; VEECs traded across a \$5.50 range; LGCs fell sharply; and STCs remained flat. Best practice is to model base cases without unconfirmed proceeds, then scenario-test with conservative price assumptions reflecting recent trading ranges. Treat certificate quantity assumptions as the primary eligibility question, separate from market-value forecasts. Our investment-case methodology helps identify which price scenarios, timing assumptions, and evidence gaps most affect project returns.

What do clearing house processing delays mean for STC project cash flow planning?

STC Clearing House processing has extended to 2–3 weeks due to a 5-million-certificate surplus, while spot prices eased to \$39.60–\$39.65. This delay affects the timing of certificate-to-cash conversion for solar and eligible battery projects. For small-scale renewable projects, this underscores the importance of understanding certificate settlement procedures, accounting for cash-flow timing in project economics, and confirming current STC eligibility—particularly for battery systems whose requirements can change. Verification that proposed systems meet current Small-scale Renewable Energy Scheme and capacity rules is essential before relying on STC revenue timing.

How can organisations distinguish renewable certificates and energy-efficiency certificates when planning cross-scheme projects?

ACCUs, VEECs, ESCs, LGCs, and STCs belong to distinct schemes with separate eligibility, creation, and retirement rules. A project cannot simultaneously create both renewable certificates and energy-efficiency certificates for the same equipment or energy saving. For example, a solar system creates STCs or LGCs under the Renewable Energy Target; it cannot also create ESCs or VEECs. The certificate pathway must be selected early based on jurisdiction, technology, capacity, and intended environmental claim. Our environmental-certificate guidance helps identify the correct instrument family and assess which scheme pathway suits the project boundary, evidence requirements, and commercial objectives.

Why is the outcome of the Victorian Energy Upgrades Strategic Review material to current and proposed projects?

The VEU Strategic Review will determine longer-term policy settings affecting VEEC supply, target levels, eligible activities, and scheme design—factors that directly influence certificate valuations and project revenue projections. VEEC market participants are closely watching the outcome given the significant target reduction already scheduled for 2026–27. For organisations planning building improvements in Victoria, the review timing creates uncertainty around activity eligibility and certificate assumptions. Investment cases should label certificate contributions as conditional pending review outcomes and prepare scenarios with and without scheme support to ensure project merit is independent of unconfirmed incentives.