

Australian Certificate Markets – June 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: July 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

No separate May update was issued, with key staff on leave; this update covers June, with reference to late-May developments where relevant.

Price Summary

| Certificate | Open | Close | Range | Movement / Reason | | --- | --- | --- | --- | --- | | ESC | \$29.00 | \$29.25 | \$29.00 - \$30.60 | Peaked early June, eased ~\$1 | | VEEC | \$88.85 | \$81.30 | \$81.30 - \$88.85 | VEU Strategic Review Bill introduced | | ACCU | \$37.60 | \$37.85 | \$37.60 - \$38.20 | Broadly stable | | STC | \$38.65 | \$38.85 | \$38.65 - \$38.85 | Stable | | LGC | \$2.60 | \$7.00 | \$2.60 - \$9.00 | Data-centre demand attention |

ESCs opened June at \$29.00 and peaked at \$30.60 in early June, before easing by around a dollar to close the month at \$29.25. Creation was low across May and June following the end of the Commercial Lighting Formula, with an end-of-vintage lift into the 30 June deadline from Metered Baseline Method (MBM), Home Energy Efficiency Retrofits (HEER), PIAM&V; and Building Envelope activities. On 1 July, prices moved back toward \$30.50 following the announcement of the ESS rule change (see below).

VEECs opened June at \$88.85 and closed at \$81.30. Creation ran above target through the month, with an end-of-financial-year lift into the 30 June vintage cut-off. Following the introduction and first reading of the Victorian Energy Upgrades Strategic Review Bill in Parliament on 17 June, prices declined over the second half of the month. Several market participants have characterised the Bill's provisions for more dynamic adjustment of activity factors and annual targets as a source of additional uncertainty.

ACCUs opened at \$37.60, reached \$38.20 late in June and closed at \$37.85, trading within a narrow band through the month.

STCs moved within a tight $\pm$ \$0.10 band, opening at \$38.65 and closing at \$38.85, with supply and demand broadly balanced under the 2026 STP.

LGCs opened June at \$2.60 and closed around \$7.00, trading as high as approximately \$9.00 intraday. The move followed increased market attention on the potential for data-centre electricity demand to

require the procurement of renewable generation.

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

Regulatory Update - Program by Program

NSW Energy Savings Scheme (ESS)

ESS Rule Change Announced (1 July): The second round of Safeguard amendments has been gazetted, effective 1 July, with new battery activities held back to 1 September. On the ESS side, the gas water heater, space heater and boiler activities (D11/D12/D21, F8/F9) closed 30 June, the Sale of New Appliances (SONA) method has ended, and the confidence factor for the F16/F17 heat pump activities has been reduced by 30% for units 10kW and above. This is partly offset by air conditioning becoming eligible (multi-split and large systems above 65kW) and an uplift to the F2 activity lifetime. On balance, these changes point to easing ESC creation through H2 2026, against a surplus that is already being drawn down.

End-of-Vintage Creation: The 30 June vintage cut-off drove an end-of-vintage lift, with creation of around 200,000 ESCs from a range of methods (MBM, HEER, PIAM&V; and Building Envelope).

Watch in July: First registry data reflecting the 1 July rule change; weekly creation volumes following the closure of the gas activities.

Victorian Energy Upgrades (VEU)

VEU Strategic Review Bill Introduced (17 June): The Energy and Resources Legislation Amendment (VEET Strategic Review and Other Matters) Bill 2026 was introduced and read a first time in the Legislative Assembly on 17 June, giving effect to the VEU Strategic Review. The Bill amends the Victorian Energy Efficiency Target Act 2007 (to be renamed the Victorian Energy Upgrades Target Act) and provides for more dynamic adjustment of both per-activity certificate factors and annual scheme targets. Industry bodies, including ESIA, have noted that a number of key design details are deferred to secondary instruments, and several market participants have characterised the adjustment powers as introducing additional uncertainty into the supply outlook. The target-setting process is not expected to be completed before the November state election.

Victorian State Election (November 2026): A Victorian state election is scheduled for November 2026. The Opposition has previously indicated it does not support the VEU program in its current form. Some market participants have noted this alongside the Bill as a factor in the second-half-of-month price movement.

Creation Above Target: VEEC creation ran above target through June, with an end-of-financial-year lift into the 30 June vintage cut-off.

Watch in July: Progress of the Bill through Parliament; any secondary-instrument detail on activity factors and target-setting.

Safeguard Mechanism / Australian Carbon Credit Units (ACCUs)

2026-27 Safeguard Mechanism Review Timing Confirmed: DCCEE has confirmed it will commence the review of the Safeguard Mechanism in the second half of 2026. Per the department's published timeline, a consultation paper is to be released early in the second half of 2026, followed by stakeholder engagement, with policy positions and any draft rule amendments expected in early 2027. The review will consider the future role of Safeguard Mechanism Credits, ACCUs and international units; whether the scheme is appropriately incentivising onsite abatement; arrangements for trade-exposed facilities; and the recommendations of the Carbon Leakage Review. The Climate Change Authority will advise on the baseline decline rate for 2030-31 to 2034-35.

Q1 2026 Quarterly Carbon Market Report (published 3 June): The CER's Q1 report recorded ACCU issuances of 5.5 million units (up 79% year-on-year), retirements of nearly 9 million units (a record quarter, with Safeguard surrenders accounting for the substantial majority), and holdings of 56.5 million units as at end-March, down from the Q4 peak of 60.7 million but 10.5 million higher year-on-year.

Permanent Exit Arrangement (from 1 July 2026): Government carbon abatement contract holders may exit permanently from 1 July, delivering at least 25% of outstanding ACCUs at a discount on the exit payment. The Q1 report noted deliveries into the Cost Containment Measure reached 5.5 million units, up 15% quarter-on-quarter.

Watch in July: Release timing of the Safeguard review consultation paper; permanent exit delivery volumes.

Large-scale Renewable Energy Scheme (LRET) - LGCs

Data-Centre Demand in Focus: LGC spot rose from \$2.60 at the start of June to around \$7.00 at month end, trading as high as approximately \$9.00 intraday. The move followed increased attention on data-centre electricity demand. The May 2026 Energy and Climate Change Ministerial Council communique sought advice on whether data centres should invest in additional renewable generation and firming in the state where they operate, and AEMO's 2026 Integrated System Plan treats data centres as a material planning variable, with more than 5 GW in the connections pipeline as at the end of the March 2026 quarter.

Additionality Question: A central question for the market is whether any data-centre obligation would require new renewable generation, in which case existing LGCs may not satisfy it, or whether existing generation would qualify. This distinction bears on whether new demand draws down the LGC surplus or supports the emerging Renewable Energy Guarantee of Origin (REGO) market as the LRET scheme closes at the end of 2030.

Oversupply Persists: The Q1 QCMR confirmed the LGC market remains structurally oversupplied, with the surplus projected to reach around 35 million by February 2027. The June price move does not, on its own, change this underlying supply-demand imbalance.

Watch in July: Any further policy signals on data-centre additionality requirements; the AEMC's draft rule change on technical standards for large loads.

Small-scale Renewable Energy Scheme (SRES) - STCs

Stable Around \$38.65-\$38.85: STC spot moved within a tight band through June. The 2026 STP continues to balance supply with demand, with the Clearing House \$40 ceiling acting as the practical price anchor.

Cheaper Home Batteries Program: Government continues to purchase battery STCs, supporting installation volumes following the 1 May 2026 deeming step-down.

Watch in July: Post-step-down battery installation volumes; clearing house queue dynamics.

For daily pricing and charts, visit [Northmore Gordon's live certificate price page](#).

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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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Why did VEEC prices decline in the second half of June 2026 despite strong creation volumes?

VEECs opened June at \$88.85 and closed at \$81.30 following introduction of the Victorian Energy Upgrades Strategic Review Bill on 17 June 2026. The bill allows more dynamic adjustment of per-activity certificate factors and annual scheme targets, creating uncertainty about future certificate supply and value. Creation ran above target through June with an end-of-financial-year lift into the 30 June vintage cut-off. The price decline reflects market concern about potential scheme changes rather than immediate supply-demand mechanics. This uncertainty affects investment cases for VEU projects; We can help clients assess timing and eligibility under current rules while tracking scheme developments.

What explains the sharp LGC price move from \$2.60 to around \$7.00 in June 2026?

LGCs rose sharply following increased market attention to data-centre electricity demand and renewable generation procurement requirements. The May 2026 Energy and Climate Change Ministerial Council communiqué and AEMO's 2026 Integrated System Plan highlighted more than 5 GW in data-centre connections pipeline as at end March 2026. This demand outlook created new procurement interest in LGCs. However, the Q1 2026 Quarterly Carbon Market Report confirmed the LGC market remains structurally oversupplied with a projected 35-million-unit surplus by February 2027, so the June price move does not resolve underlying imbalance. Clients considering LGC procurement for renewable-electricity claims should factor supply dynamics and price volatility into procurement strategies.

How do the NSW ESS rule changes effective 1 July 2026 affect project eligibility and certificate creation?

Gas water heater, space heater and boiler activities (D11/D12/D21, F8/F9) closed on 30 June 2026, and the Sale of New Appliances method ended. The confidence factor for F16/F17 heat pump activities was reduced 30% for units 10kW and above. These closures were partly offset by air conditioning becoming eligible and an F2 activity lifetime uplift. The net effect points to easing ESC creation through the second half of 2026. Projects involving closed activities must complete by 30 June; new gas projects are no longer eligible. We can review project timing, eligible activity selection and baseline methodology to ensure compliance with current rules and preserve evidence requirements.

What does the ACCU market data from the Q1 2026 Quarterly Carbon Market Report reveal about supply and demand?

The report showed ACCU issuances of 5.5 million units (up 79% year-on-year) but retirements of nearly 9 million units, a record quarter driven largely by Safeguard surrenders. Holdings fell to 56.5 million units at end-March from the Q4 2025 peak of 60.7 million, though still 10.5 million higher year-on-year. Deliveries into the Permanent Exit Arrangement Cost Containment Measure reached 5.5 million units, up 15% quarter-on-quarter from 1 July 2026 onwards. This data indicates strong regulatory demand offsetting issuance, supporting price stability. Clients evaluating ACCU revenue should distinguish forecast issuance, scheme eligibility, and market retirement demand when building investment cases.

How does the Permanent Exit Arrangement affect ACCU holders and contract valuations?

From 1 July 2026, government carbon abatement contract holders may exit permanently by delivering at least 25% of outstanding ACCUs at a discount on the exit payment. This new flexibility allows contract holders to manage timing and quantity risk. The Q1 report noted deliveries into the Cost Containment Measure reached 5.5 million units, indicating active uptake. The arrangement affects project finance and valuation; clients with existing contracts should understand exit terms, delivery schedules and discount mechanics. We can assist in assessing contract obligations, ACCU registration pathways, and financial implications of exit decisions for transition planning.

Why did ESC prices remain relatively stable in June 2026 despite regulatory changes?

ESCs opened June at \$29.00, peaked at \$30.60 in early June, then eased by around a dollar to close at \$29.25 (range \$29.00–\$30.60). Despite the July 1 rule changes closing several activities and reducing confidence factors, prices remained contained. The narrow trading range reflects that closed activities (gas) were already creating lower volumes and market participants priced in the changes progressively. The Clearing House ceiling mechanism and continued demand from ESC obligated parties supported stability. Clients planning ESC projects should confirm activity eligibility under the new rules and lock in project timing while baseline data collection is still possible.

What is the practical impact of the Victorian Energy Upgrades Strategic Review Bill on project planning?

The Energy and Resources Legislation Amendment (VEET Strategic Review and Other Matters) Bill 2026 was introduced on 17 June 2026 and amends the Victorian Energy Efficiency Target Act 2007 (to be renamed the Victorian Energy Upgrades Target Act). The bill enables more dynamic adjustment of per-activity certificate factors and annual scheme targets, creating uncertainty about future certificate quantities and values. Target-setting is not expected to be completed before the November 2026 state election, leaving a period of policy ambiguity. Clients with active or planned VEU projects should proceed with current rule compliance and investment cases based on existing eligibility, then reassess once the revised scheme framework emerges. We can monitor legislative progress and help clients track scheme changes.

How are STC volumes and prices being supported despite narrow trading ranges?

STCs moved within a tight $\pm \$0.10$ band in June, opening at \$38.65 and closing at \$38.85, with supply and demand broadly balanced under the 2026 Small-scale Technology Pathway. The government's Cheaper Home Batteries Program continues to purchase battery STCs, directly supporting installation volumes following the 1 May 2026 deeming step-down. The Clearing House \$40 ceiling acts as the practical price anchor. This dual support—government procurement and price ceiling—provides stability for residential and small commercial battery and solar projects. Clients considering STC-eligible systems should factor government support into project timing and pricing while monitoring whether support levels change post-election.

Why should investment cases for certificate projects separate quantity, price, and eligibility assumptions?

The June 2026 certificate market demonstrates why these variables must be tracked independently. VEEC prices fell \$7.55 mid-month due to policy uncertainty even as creation volumes ran high; LGC prices spiked on demand outlook while underlying supply surplus persists; ESC activity closures change future creation baselines; and ACCU retirements exceed issuance despite price stability. A single 'headline' certificate value masks these dynamics. Investment cases should show eligible activity, calculation method, evidence pathway, certificate quantity estimate, price date, and assumed sale timing as separate line items. We can help build transparent investment cases that identify which assumptions are fixed by scheme rules and which carry market risk.

What should project teams do if their proposed activity closes or changes eligibility mid-project?

The June 2026 NSW ESS closures (gas water heaters, boilers, SONA method) and VEEC policy review demonstrate that scheme eligibility can change. Project teams should establish actual implementation dates before committing capital or locking baseline data collection. For NSW ESS, the rule requires baseline measurement procedures to be deemed appropriate by an M&V; professional with written reasoning provided before the implementation date (Clause 7A.5A). For VEU, the Strategic Review creates uncertainty about future factors and targets. We recommend submitting a project brief early, confirming the activity version, checking implementation date eligibility, and locking evidence requirements before equipment selection. This preserves optionality if circumstances change.