

Australian Certificate Markets – March 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: April 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

Price Summary

| Certificate | Open | Close | Range | Movement/Reason | | --- | --- | --- | --- | --- | | ESC | \$22.60 | \$24.50 | \$22.00 - \$24.50 | ↑ Late surge | | VEEC | \$82.75 | \$84.00 | \$82.00 - \$84.00 | ↑ Compliance buying | | ACCU | \$36.25 | \$36.15 | \$36.15 - \$36.85 | and End of safeguard buying | | STC | \$39.60 | \$39.65 | \$39.60 - \$39.65 | and Stable | | LGC | \$4.00 | \$3.10 | \$3.00 - \$4.00 | ↓ Massive oversupply |

ESC softened to \$22.00 mid-month before a sharp 31st March rally to \$24.50, as an anticipated large surge in final Commercial Lighting Formula (CLF) registrations only partially materialise before CLF method closed. VEECs dipped to \$82.00 before compliance buying ahead of the 30 April surrender, perhaps combined with confirmation of a \$100 shortfall penalty, pushed prices to \$84.00 by month end. ACCUs drifted marginally - a brief rise to \$36.85 on residual Safeguard Mechanism demand faded once CY2025 compliance concluded, closing at \$36.15. STCs were remarkably stable in a \$0.05 band. LGCs continued their structural decline, breaching \$3.00 intraday on 26 March before recovering slightly to \$3.10.

Regulatory Update - Program by Program

NSW Energy Savings Scheme (ESS)

CLF Hard Close (31 March): All Commercial Lighting Formula implementations and registrations had to be completed by 31 March. Commercial lighting has been one of the highest-volume ESC supply activities - its removal is the most bullish structural development for ESC pricing in years. There are some ~20m in registered ESCs holdings ahead of the ~5.8m surrender obligation for CY2025 due October 2026.

ESS Reform Consultations: ESIA (Northmore Gordon is a Sponsoring Member) lodged submissions to both the ESS Policy Reform and Rule Change consultations in February and met with NSW DCCEEW in person. Reform direction - including potential obligation increases and new activities - will be the dominant ESC pricing influence in H2 2026.

Watch in April: First post-March registry data. A sharp drop in weekly creation volumes will confirm the supply removal is material.

Victorian Energy Upgrades (VEU)

\$100 Shortfall Penalty Confirmed (2026 & 2027): Up from \$90, this reprices the tax effective market ceiling of \$142.

Targets Set: 4.4M VEECs for 2026, 4.6M for 2027. Mid-March creation volumes were tracking around the required pace.

Industrial heat decarbonisation: The VEU is consulting on Electric Thermal Energy Storage, Gas Efficiency Upgrades, and Behind-the-Meter Biogas - targeting food & beverage, meat processing, and industrial gas users. Go-live expected Q3-Q4 2026. See our LinkedIn post for Northmore Gordon's commentary on the proposed methods.

VEU Strategic Review Bill: On track for Parliament H2 2026. Will enable flexible annual targets and streamline new activity introductions - the most significant VEEC policy event of the year.

Gas Appliance Bans: All-electric requirements for new buildings from 1 January 2027; like-for-like gas hot water ban from 1 March 2027 - underpinning long-run heat pump installation demand.

ESC Enforcement: ~\$4.2M in VEECs forfeited and one business permanently suspended following an ESC investigation. The ESC's strict enforcement stance continues, with multiple recent accreditation cancellations .

Watch in April: Go-live announcement for the three new industrial activities.

Safeguard Mechanism / Australian Carbon Credit Units (ACCUs)

31 March NGER Reporting Deadline: Safeguard-regulated facilities were required to finalise greenhouse gas accounts. This provided demand support through March.

Permanent Exit Arrangement (1 July 2026): Government contract holders may exit permanently from 1 July, delivering $\geq 25\%$ of outstanding ACCUs at a 60% discount on the exit payment. The volume of ACCUs potentially released to the secondary market is the largest near-term supply-side risk.

Safeguard Mechanism Review (H2 2026): Will cover decline rates, international unit eligibility, TEBA pricing, and post-2030 design. EY analysis recommends bringing the review forward - if the government responds, the medium-term ACCU price thesis shifts materially bullish.

Watch in April: Any pre-Federal Budget signal (budget typically May) on accelerating the Safeguard review timeline.

Large-scale Renewable Energy Scheme (LRET) - LGCs

LGC Structural Decline Continues: The LGC market remains under severe oversupply pressure with CER forecasting 64-66 million LGC creations in 2026 against a fixed LRET obligation of ~33,000 GWh, the structural imbalance shows no near-term resolution.

State based Data-Centre requirements and eTES under the proposed VEU Industrial decarbonisation method may create some demand, but it is unlikely to be sufficient to impact the massive oversupply.

Small-scale Renewable Energy Scheme (SRES) - STCs

1 May Battery Deeming Step-Down: From 1 May, STC yields per home battery installation fall under new Renewable Energy (Electricity) Regulations. Expect a significant April installation rush as installers lock in higher yields - CER projects 520,000 home battery installs for 2026.

2026 STP Set at 11.67% (RPP 16.67%): In line with expectations; provides full-year demand certainty for the clearing house.

New Battery Documentation Requirements (1 March): Mandatory photographic documentation for battery installations now in effect.

Phenix Trading Permanently Suspended (5 March): CER removed a fraudulent STC creator in a coordinated cross-scheme action with NSW and Victorian regulators - part of a broader 2026 enforcement uplift.

Watch in April: Actual battery installation volumes and any clearing house queue build-up ahead of 1 May.

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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Why did ESC prices surge to \$24.50 by end of March despite the Commercial Lighting Formula closing?

ESCs opened March at \$22.60 and closed at \$24.50, driven by a late surge on 31 March when Commercial Lighting Formula (CLF) registrations—one of the highest-volume ESC supply activities—closed permanently. The anticipated final registration surge only partially materialised, tightening supply. This CLF hard close is described as the most bullish structural development for ESC pricing in years. With roughly 20 million registered ESC holdings ahead of the 5.8 million surrender obligation for CY2025 due October 2026, the supply constraint underpins medium-term pricing. Our involvement in ESS Policy Reform submissions positions the firm to advise clients on how emerging rule changes and obligation increases will influence ESC values in the second half of 2026.

What drove VEEC prices to \$84.00 and why does the \$100 shortfall penalty matter for project valuation?

VEECs opened at \$82.75 and closed at \$84.00 in March, supported by compliance buying ahead of the 30 April surrender deadline and confirmation of a \$100 shortfall penalty (up from \$90). This reprises the tax-effective market ceiling to \$142 for 2026 and 2027. When building investment cases for Victorian Energy Upgrades projects, we should clearly separate certificate quantity and price assumptions, confirming whether client projections reflect the revised penalty and current market spot price. VEEC targets are set at 4.4 million for 2026 and 4.6 million for 2027, with mid-March creation volumes tracking the required pace, indicating stable supply and supporting forward-price confidence for project feasibility assessments.

What new VEU activities are under consultation and when should projects plan for implementation?

Victoria is consulting on three new industrial decarbonisation activities: Electric Thermal Energy Storage, Gas Efficiency Upgrades, and Behind-the-Meter Biogas, targeting food and beverage, meat processing, and industrial gas users. Go-live is expected in Q3–Q4 2026. We should flag this timeline when conducting energy audits or project-development work in these sectors. Clients with planned upgrades should confirm whether proposed activities will fall under existing prescribed methods or new project-based pathways, as method selection affects evidence requirements, measurement boundaries, and certificate eligibility. Early coordination with accredited providers will help secure optimal design and documentation before new rules take effect.

How does the 1 March 2026 battery documentation requirement and 1 May 2026 STC deeming step-down affect small-scale renewable project planning?

From 1 March 2026, mandatory photographic documentation for battery installations became compulsory under the STC scheme. From 1 May 2026, STC yields per home battery installation fall due to a battery deeming step-down under new regulations, triggering significant April installation rush as installers lock in higher yields. The CER projects 520,000 home battery installations for 2026. When advising clients on solar-plus-battery projects, we must clarify which regulatory dates apply, confirm STC eligibility under the applicable deeming step-down, and document installation timing to secure the correct yield. Measurement and verification plans should address metering requirements and performance monitoring across the transition date.

Why is the Permanent Exit Arrangement for the Safeguard Mechanism described as a supply-side risk for ACCUs, and how should clients plan?

Effective 1 July 2026, government contract holders may exit the Safeguard Mechanism permanently, delivering at least 25% of outstanding ACCUs at a 60% discount on the exit payment. This is the largest near-term supply-side risk for ACCUs, as it could release substantial volumes onto the secondary market and pressure prices. ACCU prices in March were stable at \$36.15–\$36.85, but this structural risk must inform long-term carbon-offset strategies. Our carbon advisory services should assess client exposure to ACCU price volatility in decarbonisation transition plans, distinguish physical emissions reductions from offset procurement, and ensure carbon-credit retirement strategies account for timing and volume uncertainty linked to the exit arrangement.

What does massive LGC oversupply mean for renewable-energy project economics and how should clients respond?

LGCs continued structural decline in March, opening at \$4.00 and closing at \$3.10, breaching \$3.00 intraday on 26 March. The CER forecasts 64–66 million LGC creations in 2026 against a fixed LRET obligation of approximately 33,000 GWh, creating persistent oversupply with no near-term resolution. When evaluating large-scale renewable projects, we must clearly separate LGC revenue from energy-market value and avoided-cost savings. Investment cases should model LGCs conservatively and establish whether projects remain viable on operating margins alone, without relying on certificates. Renewable certificate pathways should be reviewed annually; REGOs and other instruments may offer better commercial certainty for clients with specific renewable-energy claims or corporate sustainability reporting.

Why should investment cases for energy projects distinguish ESC certificate assumptions from base-case project economics?

ESC, VEEC, ACCU, STC and LGC markets have different supply dynamics, regulatory drivers, and price trajectories, yet all may fund the same energy or renewable project. ESCs face structural supply tightness post-CLF closure; VEECs are supported by rising penalties; LGCs face oversupply; STCs offer stable yields until May 2026. When building an energy-project investment case, we recommend presenting the project economics twice: once with and once without conditional certificate contributions. Show certificate quantity, price, timing and scheme separately. This resilience approach ensures

management understands the decision even if incentive timing slips, prices fall, or eligibility is delayed. Regulatory reform activity—notably NSW ESS policy changes expected in H2 2026—compounds the case for conservative baseline assumptions.

What does the ESC investigation resulting in \$4.2 million forfeitures and permanent suspension indicate about compliance and measurement practices?

In March 2026, approximately \$4.2 million in VEECs were forfeited and one business was permanently suspended following an ESC investigation. This reflects strict enforcement stance with multiple recent accreditation cancellations across schemes. When assisting clients with certificate projects, we must emphasise the importance of robust evidence files, proper M&V; documentation, accredited practitioner credentials, and clear nomination records. Measurement and verification services should establish clear data responsibilities, third-party review, and transparent calculation methodologies. Clients should ensure installers, accredited providers, and energy auditors maintain current scope credentials and follow prescribed record-keeping requirements. Certificate value depends entirely on scheme acceptance; cutting corners on evidence or using ineligible practitioners creates retrospective risk.

How do the all-electric building requirements and gas hot-water ban from 1 January and 1 March 2027 influence long-run energy project planning?

All-electric requirements for new buildings take effect from 1 January 2027, and a like-for-like gas hot water ban starts from 1 March 2027. These underpin long-run heat-pump installation demand and represent a fundamental shift in building energy design. For clients evaluating process heat upgrades, building climate controls, or industrial heating, we should position electrification and heat recovery as forward-looking opportunities aligned with emerging mandates. Feasibility studies should assess electrical infrastructure adequacy, tariff exposure, and renewable-electricity sourcing to support decarbonisation claims. The timing also affects asset life assumptions: fossil-fuel systems installed now face shortened economic viability. Investment cases should compare electric alternatives, model electrification costs into medium-term capital plans, and identify retrofit constraints early.

Why did Northmore Gordon's ESIA submission on ESS reform matter, and what should clients expect from 2026 rule changes?

The ESIA (of which we are a Sponsoring Member) lodged submissions to both the ESS Policy Reform and Rule Change consultations in February 2026 and met with NSW Department of Climate Change, Energy, Environment and Water in person. The reform direction—including potential obligation increases and new activities—will be the dominant ESC pricing influence in the second half of 2026. Clients with existing ESS projects or planned installations should confirm how pending rule changes affect their activity, eligibility dates, and certificate calculations. Our involvement in industry consultation positions it to advise on timing risks: early implementation before reforms may lock in favourable terms, whereas delay could trigger method changes or higher compliance obligations. Energy audits and feasibility studies should explicitly note reform exposure and recommend contingency timelines.