

Australian Certificate Markets – October 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: November 4, 2025.

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

Over the past month, ACCU prices have continued to strengthen, now trading above \$38, as large emitters prepare for their March 2026 surrender obligations under the Safeguard obligation. Last year's November peak of \$42.60 was followed by a sharp decline to \$32.50 by March - will history repeat?

VEECs have fallen from \$96 in mid-September to around \$75*, levels last seen in June 2023. The fall is driven by expectations that the new C&I; Deemed Solar activity will generate significant volume amid reduced 2026/27 targets.

ESCs remain range bound at \$24-\$26 with oversupply persisting, while LGCs continue their long decline to \$10. STCs remain capped at \$40 despite strong creation from the Cheaper Home Battery Program.

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

ACCU Market Update

The ACCU (and SMC) price is driven primarily by compliance requirements under the Australian Safeguard Mechanism. For the next six years, facilities emitting over 100,000 tCO₂-e per annum must reduce their emissions by 4.9% each year or surrender ACCUs or SMCs to meet their shortfall. This obligation aligns with Australia's target of a 43% reduction by 2030.

Entities that emit below their baselines can register SMCs, bank them for future use, or sell them on the wholesale market.

Drivers of ACCU prices include the ongoing tightening of emissions baselines and the potential expansion of the Safeguard Mechanism to sites emitting as little as 50,000 tonnes. Further demand comes from the ERF Pilot Exit arrangement, which under the fourth exit window requires 20% of ACCUs under ERF contracts to be delivered to the government to build reserves for the Cost Containment Measure (CCM). This arrangement is due to be updated for 2026.

VEEC Market Update

Since the announcement of Activity 47 (C&I; Deemed Solar) at the start of October, VEEC prices have dropped significantly and are now trading at \$80, down from a steady \$96 in mid September. This fall reflects expectations of strong volume from Activity 47 and reduced VEU targets (from 7.3 million for

2025 to 4.4 million for 2026).

While the 2025 target remains tight, the VEEC price tends to be influenced by the lowest-cost high-volume activities. At currently levels, pricing is close to or below the level required to sustain some activities such as space heating and cooling. If creation volumes slow, prices could rebound; if they do not, the current gradual decline is likely to continue.

The market's feedback loop is slow - roughly three months between installation and certificate creation - which often leads to lagged or exaggerated reactions. Other new activities, including C&I; EnMS and Home Insulation, are expected to contribute but at modest volumes.

Also pending is the Strategic Review of the VEU, which has yet to be released and will influence the program's long-term outlook.

ESC Market Update

The current ESC price of \$24-\$25 remains surprisingly strong. At the start of the year, ESCs were near all-time lows around \$12. Despite substantial oversupply - enough to satisfy demand through to late 2028 - prices have risen over the past six months following the end of lighting upgrades under the ESS

With the program legislated through to 2050, there are currently no new high-volume activities on the horizon. This scarcity helps explain why prices remain supported despite oversupply. However, each attempt to break above \$26 has met strong resistance, with prices stabilising around \$25.

LGC Market Update

LGC prices have continued to slide throughout 2025, falling from \$32.50 at the start of the year to around \$10 today. The decline began in mid-2024, when it became clear that LGC registrations were increasing much faster than voluntary demand, leading to a growing surplus.

This oversupply has been supercharged by the Federal Government's Capacity Investment Scheme (CIS), which includes an additional 23-26 GW of renewable generation through to 2027.

The Australian Productivity Commission's interim report Investing in Cheaper, Cleaner Energy and the Net Zero Transformation highlighted that new incentives are needed with the LRET concluding in 2030. Unless voluntary demand accelerates, further price declines appear likely.

For more information, call or email h.mcgovern@northmoregordon.com

*(subject to change)

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 was the ACCU price trading at as of the October 2025 update, and what is driving it?

According to the Northmore Gordon October update, ACCU prices were trading above \$38, strengthened by large emitters preparing for their March 2026 surrender obligations under the Safeguard Mechanism. Prices are driven by compliance requirements: facilities emitting over 100,000 tCO₂-e annually must reduce emissions by 4.9% each year or surrender ACCUs to meet shortfalls, aligning with Australia's 43% reduction target by 2030. Additional pressure comes from potential Safeguard expansion to 50,000-tonne sites, ERF Pilot Exit's fourth window requiring 20% of contract ACCUs be delivered to government, and tightening emissions baselines. This creates predictable demand over the next six years, supporting pricing despite market volatility.

How did ACCU prices in October 2025 compare to the previous year, and what is the outlook?

Last year's ACCU price peaked at \$42.60 in November before falling sharply to \$32.50 by March. The October update noted that with 2025 prices strengthening similarly above \$38, it remained uncertain whether history would repeat. This cyclical pattern reflects seasonal compliance timing, with large emitters front-loading purchases before March surrender deadlines. Understanding this pattern helps carbon-project proponents time ACCU sales strategically and informs organisations planning emissions-reduction investments or Scope 2 accounting decisions on whether to lock in current prices or wait for potential downturns.

Why have VEEC prices fallen recently, and what is Activity 47?

VEEC prices fell from \$96 in mid-September to around \$75 following the October announcement of Activity 47—a new Commercial & Industrial (C&I) Deemed Solar activity. The market expects Activity 47 to generate significant certificate volume, combined with reduced Victorian Energy Upgrades (VEU) targets (declining from 7.3 million in 2025 to 4.4 million in 2026). Activity 47 represents a standardised solar pathway that lowers barriers to entry for C&I participants. For energy-project owners in Victoria, this creates opportunities to participate in a high-volume activity, though lower certificate prices reduce financial contribution to solar projects. A pending Strategic Review of VEU will further influence the program's long-term outlook.

What is the current trading range for ESCs, and why have prices remained relatively strong despite oversupply?

ESCs were range-bound at \$24–\$26 as of the October update. Despite substantial oversupply—enough to satisfy demand through late 2028—prices rose over the past six months following the end of lighting upgrades under the NSW Energy Savings Scheme. With no new high-volume activities on the horizon and the program legislated through to 2050, scarcity of new supply has provided price support. However, attempts to break above \$26 have met strong resistance. For NSW project owners, this suggests ESC pricing may stabilise in the mid-range, supporting energy-efficiency projects but with limited upside. Certificate proceeds should be modelled conservatively in investment cases.

What has happened to LGC prices in 2025, and what factors are driving the decline?

LGC prices fell from \$32.50 at the start of 2025 to around \$10 by October—a significant deterioration driven by LGC registrations increasing much faster than voluntary demand. The decline accelerated in mid-2024 and is now exacerbated by the Federal Government's Capacity Investment Scheme (CIS), which includes 23–26 GW of additional renewable generation through to 2027. The Australian Productivity Commission's interim report highlighted the need for new incentives as the Large-scale

Renewable Energy Target (LRET) concludes in 2030. For organisations considering large-scale renewable projects, this suggests LGCs will provide diminishing revenue support beyond 2030, making project economics increasingly dependent on power-purchase agreements or behind-the-meter consumption.

What is the distinction between different renewable certificate pathways, and how should organisations choose between them?

The Australian renewable market includes STCs (Small-scale Technology Certificates, capped at \$40), LGCs (large-scale certificates in free fall), REGOs (Renewable Electricity Guarantee of Origin, operating separately from the RET), and ESCs (energy savings certificates). Each belongs to its own scheme with different eligibility, creation and use rules; they should not be treated as interchangeable incentives. CER's eligibility guidance distinguishes technology, capacity, output and system-change rules. For project owners, selecting the correct pathway requires understanding facility size, technology, installation date, intended environmental claim and retirement treatment. Our certificate services include assessing which instruments apply, verifying scheme eligibility, and structuring commercial terms to align with reporting objectives and funding requirements.

How should organisations balance certificate revenue against project investment decisions?

Certificate proceeds should be modelled separately from core project economics. An energy project may qualify for multiple funding routes—grants, certificates, and financing—each with distinct eligibility criteria, timing and conditions. Present the investment case with and without conditional support so management understands the decision if support is delayed, reduced or unavailable. Keep engineering savings, scheme-recognised savings, created certificates and customer proceeds as separate quantities. Avoid adding overlapping estimates or treating historical case-study prices as entitlements. For mature markets like ESCs and VEECs, range-bound pricing suggests conservative modelling; for declining markets like LGCs, certificate contributions should decline from project revenue assumptions. We assist by assessing scheme eligibility, establishing realistic quantities and pricing, and structuring commercial treatment to meet reporting and funding objectives.

What are the practical implications of the Safeguard Mechanism expansion and ERF Pilot Exit arrangements for ACCU pricing?

The potential expansion of the Safeguard Mechanism to sites emitting as little as 50,000 tonnes (from the current 100,000-tonne threshold) would significantly broaden the compliance base and increase structural demand for ACCUs. The ERF Pilot Exit's fourth window requirement that 20% of ACCUs under ERF contracts be delivered to government to build reserves for the Cost Containment Measure (CCM) creates additional institutional demand independent of voluntary market fluctuations. These arrangements establish a floor for ACCU demand through at least 2030, supporting long-term project viability. Organisations planning carbon-credit projects should verify ACCU project eligibility, understand newness and investment commitment requirements, and model revenue using the 4.9% annual reduction compliance driver rather than historical price peaks.

What measurement and verification requirements apply when relying on certificate revenue in an investment case?

Certificate claims require credible, scheme-compliant evidence of the activity, savings quantity, ownership and timing. For energy-efficiency projects, measurement and verification (M&V;) determines whether stated savings are achievable under agreed boundary, data and analysis. The NSW Government's M&V; guide separates responsibilities of energy users, service providers and practitioners; scheme requirements take precedence over generic checklists. Keep three outputs distinct: engineering estimates (modelled expectations), verified energy results (outcomes under the agreed M&V; approach), and certificate results (quantities accepted by the scheme). Choose the calculation method before building the evidence file. We provide project-boundary selection, baseline modelling, savings calculation and scheme-compliant reporting to establish that projected certificate

contributions are realistic and defensible to auditors and decision-makers.