Australian Government
Clean Energy Regulator

Quarterly Carbon Market Report






CLEAN ENERGY REGULATOR

September Quarter 2025

Contents

Report objective

Carbon markets play a key role in Australia's efforts to reduce emissions. The Clean Energy Regulator (CER) has prepared this report to support the effective operation of Australia's carbon markets.

This report consolidates information across the national carbon markets that the CER administers for the September Quarter 2025 (July to September 2025). It provides information on supply and demand trends and opportunities that may inform market decisions.

Questions? Suggestions? Please get in touch

To help ensure our QCMRs are as helpful and informative as possible, we welcome your feedback on this report. Please provide feedback to: Manager, Renewable Energy Market Analysis via

- Email: enquiries@cer.gov.au
- Post: Clean Energy Regulator, GPO Box 621 Canberra ACT

Report disclaimer

All figures are sourced from the CER unless otherwise referenced. All statements in this report reflect current policy settings, other than in specific instances where the Australian Government has announced or is consulting on proposed policy changes.

This Quarterly Carbon Market Report (QCMR) represents the views of the CER at the date of publication. The CER is providing this information to the market to increase market transparency, help identify genuine low-cost carbon abatement opportunities, and assist entities that produce or need to source units and certificates under the schemes the CER administers. The CER has used its best endeavours to ensure the quality of the information in this document but cannot guarantee its accuracy or completeness. The QCMR is not legal, business, or financial advice. You should obtain independent professional advice on your circumstances before making any investment decisions. The information is provided as general information only. Neither the CER, nor the Commonwealth of Australia will accept liability for any direct, incidental, or consequential loss or damage resulting from the QCMR, or the information provided through the QCMR, or the availability or non-availability of the QCMR.

Version history

Version	Date	Changes
1.0	27/11/2025	Initial publication

Glossary

The CER glossary includes definitions/explanations of many terms and acronyms used throughout this report.

Highlights

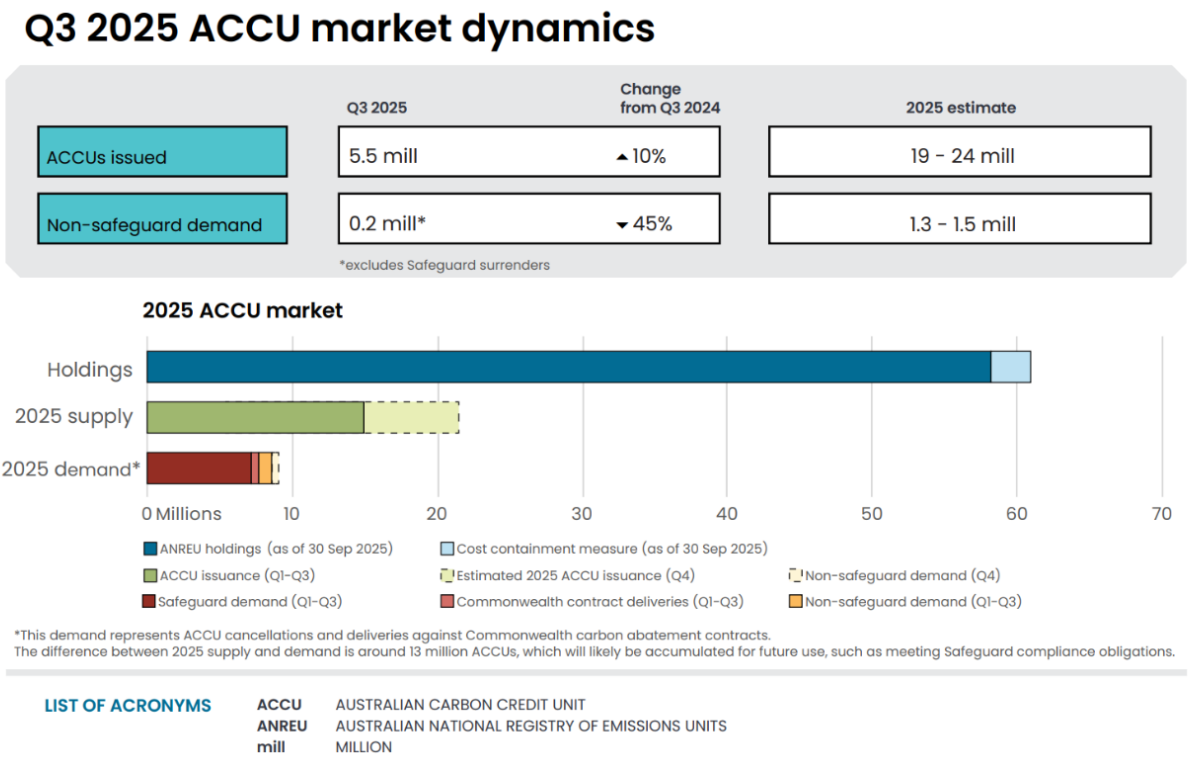
- New and continuing Clean Energy Regulator (CER) programs are accelerating carbon abatement for Australia.
- The Cheaper Home Batteries Program has exceeded expectations. We expect to receive around 175,000 valid battery applications corresponding to a total usable capacity of 3.9 GWh by the end of 2025. To put this in context, this is more capacity than the 5 biggest utility-sized batteries currently operational in the National Electricity Market (NEM).
  - Around 6 GWh of storage capacity could be installed under the scheme by the end of the 2025-26 financial year.
- In the large-scale electricity sector, a record 15.7 million Large-scale Generation Certifications (LGCs) were created over the quarter, led by wind generation. Renewable energy capacity being added to the grid is also strong. Approved large-scale capacity is likely to reach 3.8 to 4.0 GW in 2025 – a good result immediately following a record year in 2024 of 4.3 GW.
  - Combined with small-scale capacity, the CER estimates close to 7 GW of renewable capacity will be added to the grid in 2025.
- Final investment decisions (FID) could reach 2.5 GW in 2025. This is based on an estimate of 1.5 GW being announced in Q4. While the renewable energy projects reaching FID have been lower in 2025 than recent years, we are expecting announcements to strengthen over 2026.
- Preliminary CER data for the second year of the reformed Safeguard Mechanism suggests the Safeguard Mechanism is continuing to work as intended, indicating that covered emissions reduced by 2.4% from 135.9 $MtCO_2$-e in 2023-24 to 132.7 $MtCO_2$-e in 2024-25. Responsible emitters of 59 facilities reported covered emissions below their baseline and may be eligible for an approximate total of 7 million Safeguard Mechanism credit units (SMCs). This would be a decrease in SMC eligibility of 15.7% from the 8.3 million issued in 2023-24. Covered emissions for 143 facilities exceeded their baselines, totalling 13.7 $MtCO_2$-e in potential excess.
- Australian carbon credit units (ACCUs) have been successfully migrated from Australian National Registry of Emissions Units (ANREU) accounts into the new Unit and Certificate Registry. This means from 11 November 2025, account holders have greater visibility of and access to information about each ACCU, including method, location, and issuance date.
- Total ACCU supply for 2025 may be towards the higher end of our 19 to 24 million projected range. A total of 5.5 million ACCUs were issued in Q3 2025, bringing the year-to-date total to 15 million. An additional 7.3 million ACCUs were under application with the CER at the end of Q3 2025. Looking further ahead, the ACCU supply pipeline appears strong. It is supported by the development of new ACCU methods and new and existing project registrations.
- On 3 November 2025, the Guarantee of Origin (GO) Scheme was launched. It includes the Product Guarantee of Origin (PGO), a voluntary certification framework that tracks the emissions intensity of products and the Renewable Electricity Guarantee of Origin (REGO) scheme.
  - Individuals need to be a registered person under the scheme to be eligible to create and transact certificates from registered facilities. As of 14 November, the CER has received 3 applications (1 PGO and 2 REGO) for individuals to become registered persons.

1. Australian environmental markets

Insights

- Australian carbon credit units (ACCUs) were successfully migrated from Australian National Registry of Emissions Units (ANREU) accounts into the new Unit and Certificate Registry. This means account holders have greater visibility of and access to information about each ACCU, including method, location, and issuance date.
  - » ACCU migration marks an important milestone for the delivery of the Unit and Certificate Registry. The blockchain Unit and Certificate Registry is a foundational part of our infrastructure. It supports the ongoing growth of deep, liquid, transparent and accessible carbon markets.
- Total ACCU supply for 2025 may be towards the higher end of our 19 to 24 million estimated range. A total of 5.5 million ACCUs were issued in Q3 2025, bringing the year-to-date total to 15 million. An additional 7.3 million ACCUs were under application with the Clean Energy Regulator (CER) at the end of Q3 2025.
- The ACCU supply pipeline appears strong. It is supported by the development of new ACCU methods and new and existing project registrations. In Q3 2025, 150 projects were registered, primarily in the soil carbon and vegetation methods.
- As expected, ACCU holdings experienced another quarter of growth primarily in accounts of safeguard and safeguard-related entities. Total holdings increased from a total of 52 million at the end of Q2 to 57 million at the end of Q3 2025. Healthy ACCU inventories enable safeguard entities to plan their compliance over forward years as baselines continue to decline.
- Preliminary CER data for the second year of the reformed Safeguard Mechanism suggests the Safeguard Mechanism is continuing to work as intended. The preliminary data is subject to change and does not fully consider the approval of any ongoing flexibility measure applications, such as trade-exposed baseline adjustments. The preliminary data indicates for the 2024-25 safeguard compliance period:
  - » Covered emissions reduced by 2.4% from 135.9 million tonnes of carbon dioxide equivalent ($MtCO_2$-e) in 2023-24 to 132.7 $MtCO_2$-e in 2024-25.
  - » Covered emissions for 143 facilities exceeded their baselines, totalling 13.7 $MtCO_2$-e in potential excess.
  - » Responsible emitters of 59 facilities reported covered emissions below their baseline and may be eligible for an approximate total of 7 million Safeguard Mechanism credit units (SMCs). This would be a decrease in SMC eligibility of 15.7% from the 8.3 million issued in 2023-24.
- Non-safeguard ACCU cancellations dipped to 0.2 million for Q3 2025. This followed a high Q2 of 0.5 million, which was the highest level of non-safeguard cancellations in the last 5 years.
- On 3 November 2025, the Guarantee of Origin (GO) Scheme was launched. It includes the Product Guarantee of Origin (PGO), a voluntary certification framework that tracks the emissions intensity of products and the Renewable Electricity Guarantee of Origin (REGO) Scheme discussed in the large-scale renewable electricity chapter.

Image 1.1 Q3 2025 ACCU market dynamics



ACCU and SMC market dynamics summary

Table 1.1 ACCU supply and demand summary for Q3 2025

ACCU	Supply	Demand
Balance carried forward from Q2 2025	51.7m	-
Change during the quarter:		
ACCU supply	+5.5m	-
ACCU Scheme contract deliveries*	-	<0.1m
Non-safeguard cancellations	-	-0.2m
Safeguard surrenders	-	-0.2m**
Net balance at the end of Q3 2025	**56.8m**	-
Cost containment measure	4.4m	-

*Totals may not sum due to rounding. *This refers to ACCUs delivered under Commonwealth carbon abatement contracts in the quarter. These ACCUs are held in the cost containment measure and are available to eligible Safeguard entities to purchase at a fixed price of $82.68 for 2025-26, rising at the Consumer Price Index plus 2% each year. ** 175,000 ACCUs were surrendered to meet 2023-24 safeguard compliance during the quarter. This occurred after the surrender deadline as part of an enforceable undertaking. The remainder have been surrendered for the 2024-25 compliance period.*

Table 1.2 SMC supply and demand summary for Q3 2025

SMC	Supply	Demand
Balance carried forward from Q2 2025	6.9m	-
Change during the quarter:		
SMC supply	<0.1m	-
Safeguard surrenders		-
Net balance at the end of Q3 2025	**6.9m**	-

ACCUs migrated to the Unit and Certificate Registry

On 11 November 2025, we announced the successful migration of ACCUs to the Unit and Certificate Registry. This marks an important milestone, establishing a single, modern platform for managing ACCUs and SMCs. The registry forms a foundational part of the market transaction infrastructure, supporting the growth of deep, liquid, transparent and accessible carbon markets.

During the migration process we successfully moved more than 177.7 million ACCUs. This included over 60 million active ACCUs and the transaction history of over 2,000 private and Commonwealth ANREU accounts. The registry reflects the Australian Government's commitment to strengthening the integrity, transparency, and accessibility of Australia's carbon markets.

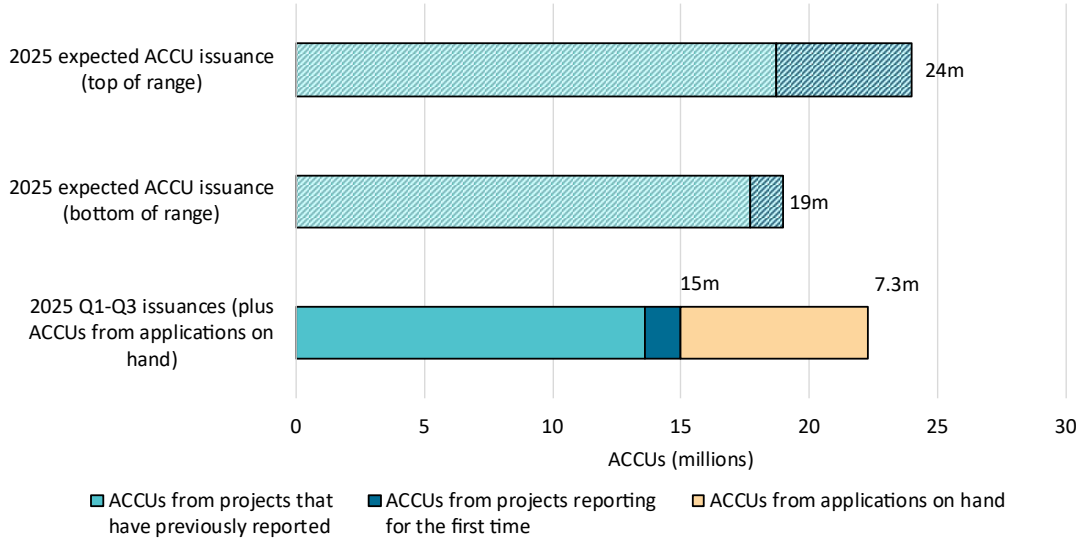
The Unit and Certificate Registry provides richer data sets and multi-factor authentication for enhanced security when transferring units. For example, more information is provided for all ACCUs including method, location, and issuance date. Making this information available to users aligns with market feedback and reflects the CER's commitment to providing information to support market participants.

For the time being, the original ANREU system will only be used for Certified Emission Reduction Units under the Kyoto protocol, as discussed in the Q2 2025 Quarterly Carbon Market Report (QCMR). You can read more about the ACCU migration and ACCU functionality on the Unit and Certificate Registry webpage.

ACCU supply continues to grow as expected

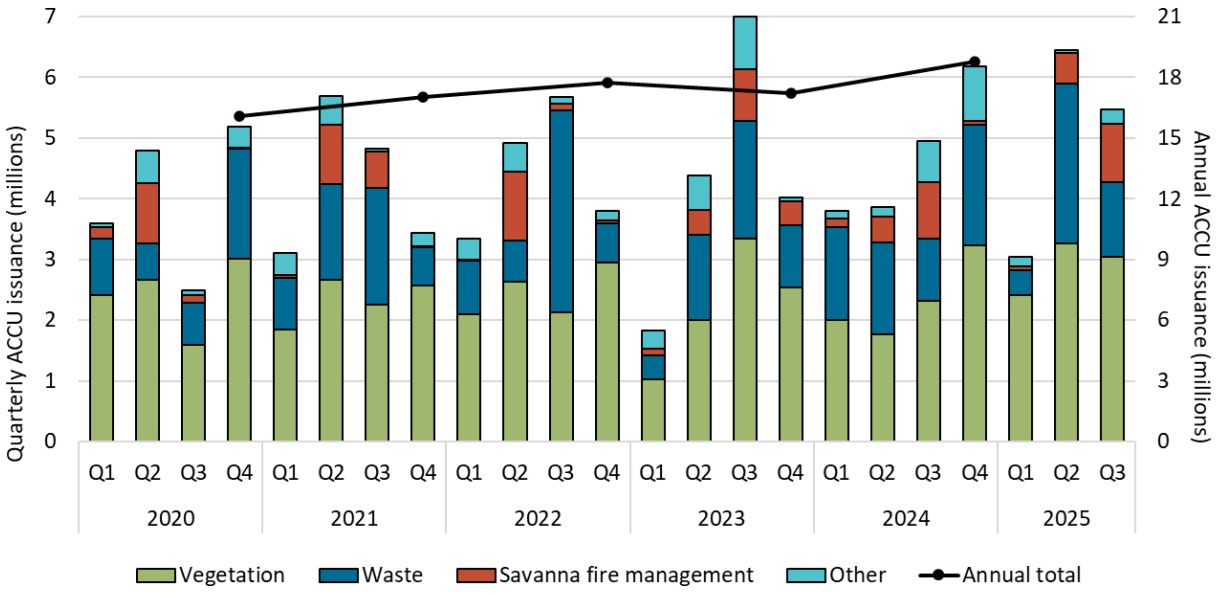
ACCU supply for 2025 remains on track to meet the CER's estimated range of 19 to 24 million. At the end of Q3 2025, 213 crediting applications were on hand with the CER for an estimated total of 7.3 million ACCUs. Nearly three-quarters of these were submitted within the quarter. Strong crediting applications on hand is a positive indicator that ACCU issuance is tracking towards the estimated top half of the 19 to 24 million range.

Figure 1.1 Estimated ACCU issuance in 2025



In Q3 2025, 5.5 million ACCUs were issued. In the first 3 quarters of 2025, 15.0 million ACCUs were issued, an 18.6% increase compared to the 12.6 million issued in the same period in 2024. This was mainly driven by higher issuances to vegetation projects, in particular human-induced regeneration projects.

Figure 1.2 ACCUs issued by method type



In October 2025, the CER issued 0.6 million ACCUs to the Moomba carbon capture and storage (CCS) project. This is the largest single ACCU issuance to date and a significant development for CCS. The Moomba facility is expected to capture up to 1.7 $MtCO_2$-e every year over its 25-year crediting period. As the Moomba CCS project reduces covered emissions at a safeguard facility, the number of ACCUs issued in relation to the project will be added to the net emissions number of the facility for the year they were issued. This ensures the carbon abatement is not counted twice.

Overall, ACCU supply from existing projects remains strong. The CER will publish its outlook for 2026 ACCU issuance in the Q4 2025 QCMR.

ACCU method development updates

The method development process continues as reported in the Q2 2025 QCMR:

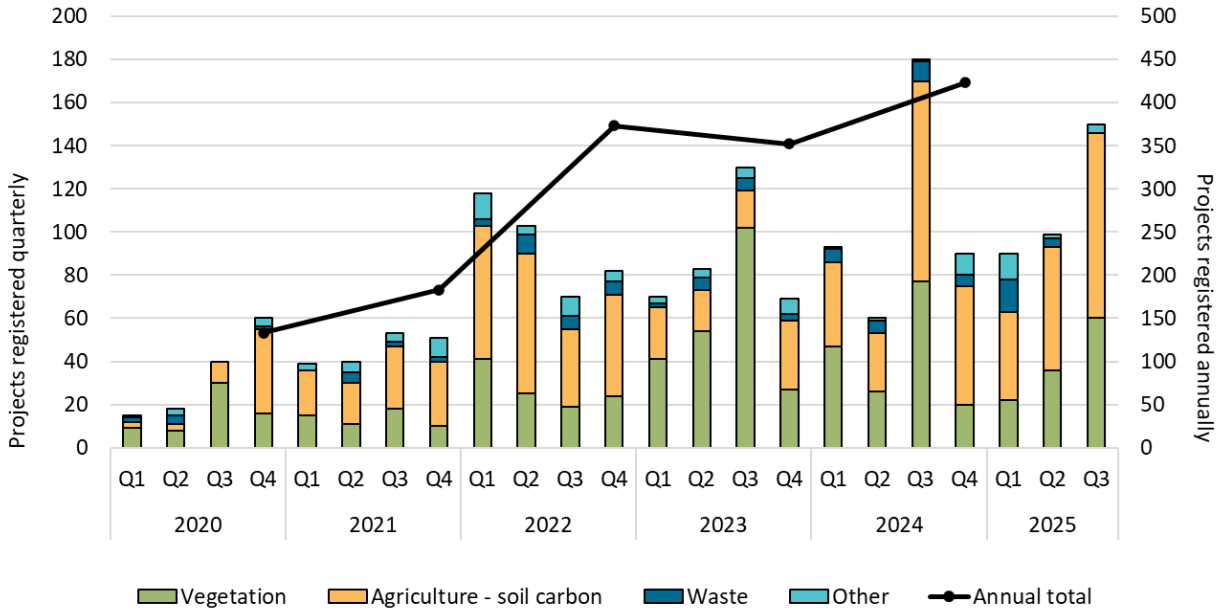
- The integrated farm and land management method remains under development.
- The reducing methane emissions from landfill gas method has progressed to the final stages of development. It has been assessed by the Emissions Reduction Assurance Committee and found to meet the legislated offset integrity standards under the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the CFI Act).

On 19 September 2025, the Department of Climate Change, Energy, the Environment and Water (DCCEEW) released the savanna fire management (emissions avoidance) determination 2025 exposure draft for public consultation. This followed the release of the initial consultation material in August 2025. The consultation period began on 7 October 2025 and closed on 3 November 2025. In line with the standard methodology development processes, submissions will progress to the Emissions Reduction Assurance Committee for consideration. Advice is then given to the Minister as to whether the new methods meet the offsets integrity standards.

Project registrations in Q3 2025

In Q3 2025, 150 ACCU Scheme projects were registered, including 86 soil carbon projects. This larger volume was due to application processing efficiencies for soil carbon projects. The remaining 64 projects were comprised of 60 vegetation and 4 non-soil carbon agriculture projects.

Figure 1.3 Registered Australian Carbon Credit Unit (ACCU) Scheme projects by method type

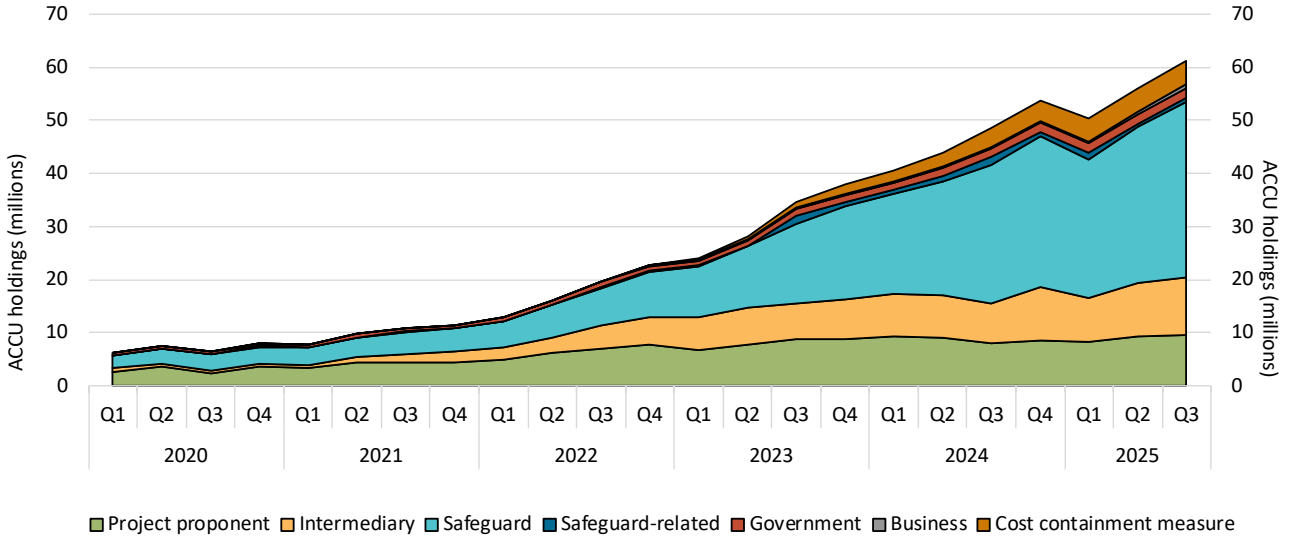


ACCU holdings build in anticipation of future compliance obligations

ACCU holdings, excluding the cost containment measure, rose by 5.1 million to reach 56.8 million at the end of Q3 2025. Safeguard and safeguard-related accounts were the main driver, increasing by 4.1 million. Holdings are categorised based on available information for accounts, so values should be treated as estimates.

In Q3 2025, around 40,000 ACCUs were delivered under Commonwealth carbon abatement contracts. At the end of Q3 2025, the cost containment measure held a total of 4.4 million ACCUs. Since the fourth pilot exit window closed on 31 December 2024, ACCUs delivered to the cost containment measure have been increasing by 0.1 million each quarter.

Figure 1.4 ACCU holdings (in millions) by market participation



At the end of Q3 2025, 6.9 million SMCs were held in the Unit and Certificate Registry. Of these, 6.7 million were held by a safeguard or safeguard-related entity, 0.2 million by intermediaries and a small amount by ACCU Scheme project proponents. While ACCU project proponents may act as an intermediary at times, their accounts are still classified as 'project proponents', as this is their primary activity. For more detail on account classification, see the QCMR data workbook.

A strong, liquid ACCU market is expected over the next few years. This will support safeguard entities to build reserves and continue planning for their future compliance obligations as baselines decline over time. Market intelligence predicts the compounding baseline reductions will result in net ACCU holdings beginning to decline in the latter part of this decade. Over time the increased demand required for safeguard compliance is likely to see the ACCU market tighten.

Preliminary data for the second year of the reformed Safeguard Mechanism

Preliminary CER data for the second year of the reformed Safeguard Mechanism has shown further encouraging signs and suggests the Safeguard Mechanism is continuing to work as intended.

Under the Climate Change Act, the CER provides preliminary data to the Climate Change Authority for their Annual Progress Report on climate policies. The Minister for Climate Change and Energy must have regard to the report when advising Parliament about the effectiveness of policies, including the Safeguard Mechanism, in the Annual Climate Change Statement.

The preliminary data indicates that for the 2024-25 safeguard compliance period:

- Covered emissions reduced by 2.4% from 135.9 $MtCO_2$-e in 2023–24 to 132.7 $MtCO_2$-e in 2024–25.
- Responsible emitters of 59 facilities reported covered emissions below their baseline and may be eligible for an approximate total of 7 million SMCs. This would be a decrease of 15.7% from the 8.3 million issued in 2023-24.
- Covered emissions for 143 facilities exceeded their baselines, totalling 13.7 $MtCO_2$-e in potential excess. Responsible emitters can manage excesses in a variety of ways, including by surrendering ACCUs and/or SMCs, or accessing flexible compliance measures.

The preliminary data is subject to change. It is based on reports submitted to the CER under the National Greenhouse and Energy Reporting (NGER) Scheme as of 31 October 2025. Each year, the CER conducts an assurance program to ensure the accuracy and completeness of NGER data. Where errors are identified, the

CER may require resubmission of NGER reports. The preliminary data also does not fully consider the approval of any ongoing flexibility measure applications, such as trade-exposed baseline adjustments. The final data will be published by 15 April 2026.

Our 2024-25 Safeguard preliminary insights report provides more detail.

The Industry Sector Plan was released in September 2025, alongside the other 5 sectoral plans and the Net Zero Plan. It provides an overview of the pathway for Australia's industry and waste sectors to contribute to meeting Australia's 2030, 2035 and 2050 emissions targets.

An important support for industrial transformation is the ability to reliably track and certify low emissions products and renewable electricity. The GO Scheme, which is administered by the CER, provides such a support as detailed in Box 1.

Non-safeguard related ACCU cancellations lower after a strong Q2

In Q3 2025, 0.2 million ACCUs were cancelled for non-safeguard demand, including for voluntary, non-safeguard compliance and government purposes. This brought the total to 0.8 million for the first 3 quarters of 2025. We expect the lower end of our 2025 estimated range of 1.3 to 1.5 million ACCU cancellations, excluding safeguard surrenders, to be observed for 2025.

While Q3 2025 non-safeguard cancellations were lower following a large Q2 in 2025, looking across 2024 and 2025 to date, volumes appear similar:

- In the first 3 quarters of 2025, the average cancellation size was 1,630 ACCUs, similar to the annual average in 2024 (1,710). Q3 2025 was the first quarter since Q1 2018 where the average cancellation size was less than 1,000.
- The volume of cancellations in the first 3 quarters of 2025 was lower, with 520 total cancellations at the end of Q3 2025 compared to 538 in 2024.

Market intelligence suggests voluntary cancellations could rise to around 3 million by 2030. This is driven by increasing commitments by governments and companies looking to offset emissions with high integrity, domestic based offsets.

Box 1: Product Guarantee of Origin (PGO)

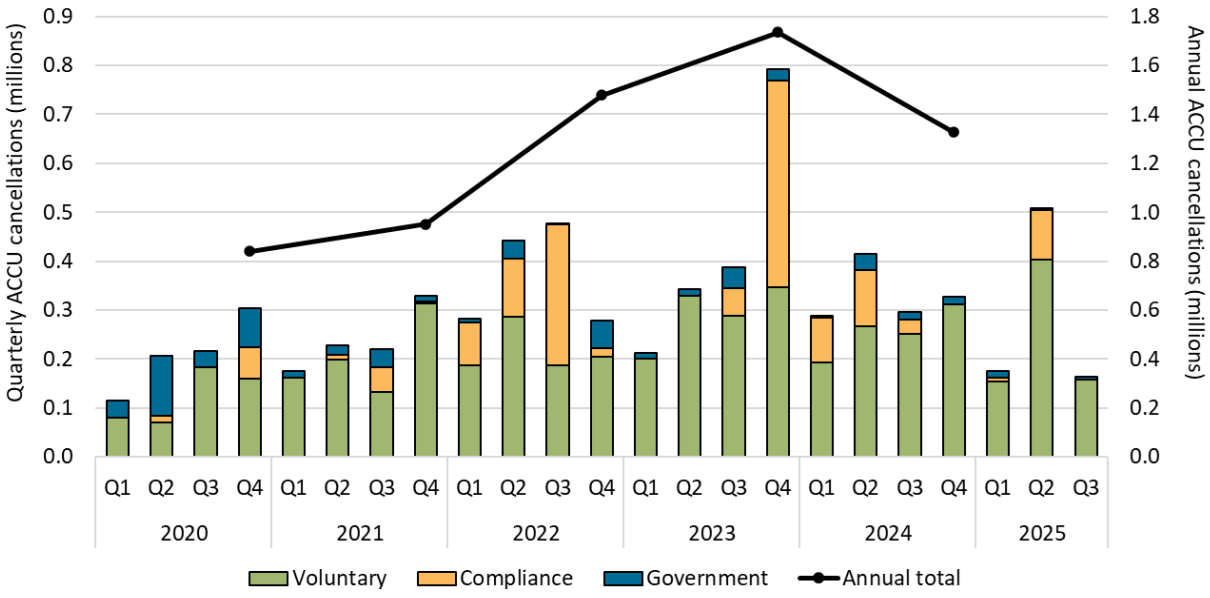
On 3 November 2025, the GO Scheme was launched. It includes PGO, a voluntary certification framework that tracks the emissions intensity of products through PGO certificates. The GO Scheme also verifies renewable electricity through REGO certificates, as discussed in the large-scale renewable chapter of this report.

The PGO Scheme enables businesses to create certificates that provide credible, internationally aligned verification of where a product was made, how it was produced, and its lifecycle emissions intensity. The transparency provided by PGO certificates will help Australian producers to make confident, objective**,** and credible claims about the products they make. Unlike REGO certificates, PGO certificates cannot be transferred or retired. The GO register on the CER website will publish information about participants and profiles registered in the PGO and PGO certificates. The draft register provides further detail of the sort of data we will publish, including product type, production pathway, PGO certificate status and production emissions intensity for the batch.

PGO certificates will be used to access incentives under the Australian Government's Future Made in Australia initiative. This includes the $6.7 billion Hydrogen Production Tax Incentive, $4 billion Hydrogen Headstart program, and the $2 billion Green Aluminium Production Credit. PGO certificates can also be used to demonstrate the use of low emissions-intensity products when reporting scope 1 emissions under the NGER Scheme and the Safeguard Mechanism from the 2025-26 reporting period.

The PGO Scheme will initially certify hydrogen produced by electrolysis. It will expand to a range of products such as low-carbon liquid fuels, green metals and biomethane. These certification pathways are currently being developed by DCCEEW and will roll out progressively from 2026. We will report on PGO Scheme developments in future QCMRs.

Figure 1.5 ACCU non-safeguard cancellations

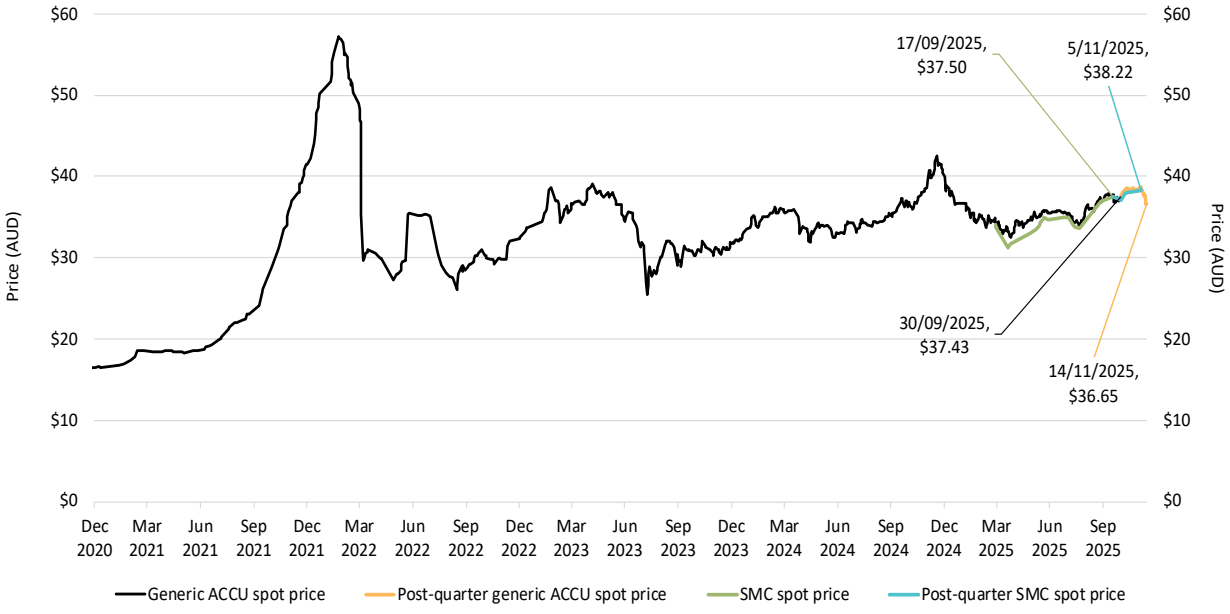


ACCU and SMC spot prices rise as safeguard entities consolidate holdings

The generic ACCU volume-weighted average spot price rose from $35.45 at the end of Q2 2025 to $37.43 at the end of Q3 2025, sitting at $36.65 on the 14 November 2025 data cut off. This time last year a similar run up in prices and activity occurred as safeguard entities purchased ACCUs ahead of the surrender deadline.

During Q3 2025, 30 transactions for a total 553,000 SMCs were recorded in the Unit and Certificate Registry. The SMC spot price increased over Q3 2025 from $35.00 to $37.50, continuing to follow ACCU prices. The SMC spot price sat at $38.22 on 5 November 2025, the latest trade as of the 14 November 2025 data cut off. Since July 2025, the reported SMC spot price has remained around $0.50 lower than the generic ACCU spot price on average.

Figure 1.6 Generic ACCU and SMC volume weighted spot price



Nature Repair Market update

At the end of Q3 2025, one project has been registered and 2 applications for projects under the inaugural scheme method remain on hand with the CER. Method development continues. DCCEEW consultation on the proposed enhancing native vegetation method closed on 4 November 2025. The proposed method would support projects that enhance biodiversity in areas with existing native vegetation. DCCEEW consultation on the proposed protect and conserve method opened on 17 November 2025 with submissions due 15 December 2025. This method aims to support long-term protection and conservation of biodiversity on land across Australia.

Integrity and transparency updates

The Climate Change Authority is required to review the CFI Act every 3 years. The CFI Act supports the ACCU Scheme. The Climate Change Authority is preparing its fifth review and will report in August 2026. A public consultation seeking input to inform the 2026 review opened on 20 October and will close on 8 December 2025.

2. Large-scale renewable electricity

Insights

- Generation from large-scale renewables is strong and continues to set records both overall and for wind generation**.**
- A record 15.7 million LGCs were created over the quarter, with wind generation leading. Total 2025 LGC supply is expected to be around the upper bound of our estimated 54-57 million range for the year.
  - » In the NEM, renewables accounted for 42.7% of generation in Q3 on average, with wind contributing a record average of 18.1%.
- Capacity being added to the grid remains strong. Approved large-scale capacity is likely to reach 3.8 to 4.0 GW in 2025 – a good result immediately following a record year in 2024 of 4.3 GW. Combined with SRES capacity, the CER estimates close to 7 GW of renewable capacity will be added to the grid in 2025.
  - » 2026 Large-scale Renewable Energy Target (LRET) approvals are poised for a strong start with 2 renewable power stations totalling 0.8 GW recently gaining connection approval from Australian Energy Market Operator (AEMO). The CER anticipates receiving applications for these power stations in the coming months.
- The development pipeline remains healthy with up to 5.9 GW of committed capacity in the CER's LRET data that may be submitted for accreditation under the LRET in 2026 and beyond.
- While the renewable energy projects reaching FID have been lower in 2025 than recent years, we are expecting up to 1.5 GW to be announced in Q4 with announcements strengthening over 2026.
- The outlook for voluntary LGC demand remains strong. In the LGC market, non-RET cancellations were 10.8 million in the first 3 quarters of 2025 – already surpassing the 2024 total of 10.4 million.
  - » National Greenhouse and Energy Reporting Scheme (NGER) reporters have cancelled almost half of the 2025 year-to-date total that may be declared through optional market-based accounting.
  - » Increased uptake of voluntary market-based reporting is welcome and will drive ongoing growth in demand and the integrity of claims in relation to sourcing of renewable energy.
  - » An additional 2.1 million Greenpower cancellations were finalised in November. Total non-RET cancellations for the year now sit at 14 million.
- The LGC price fell from $16 to $10.80 in Q3 and was $8.25 on 14 November. The current price is expected to incentivise increased voluntary cancellations.
- The Renewable Electricity Guarantee of Origin (REGO) Scheme launched on 3 November. During the period up to the end of 2030 when both REGO and the LRET are active, facilities already registered under the LRET can create either LGCs or REGOs for each unit of electricity.

Market dynamics

Image 2.1 2025 Q2 LGC market dynamics

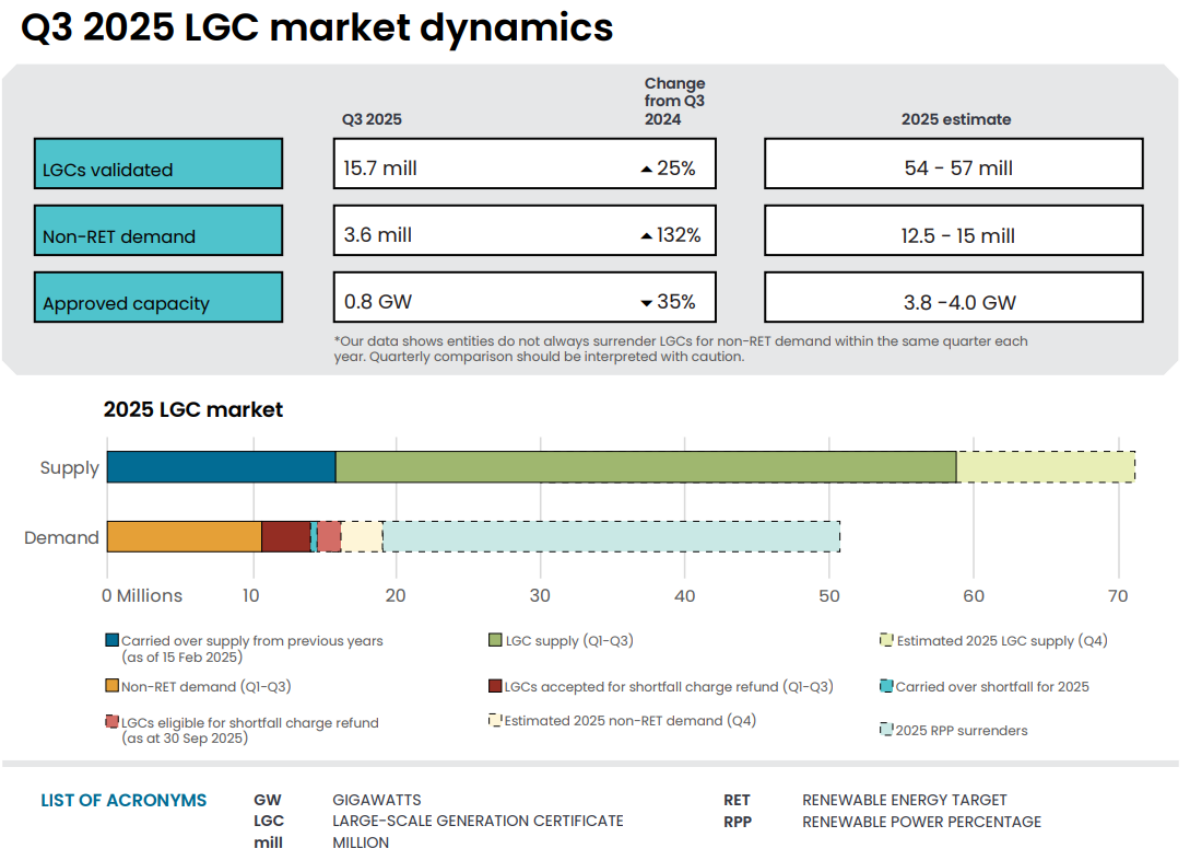


Table 2.1 LGC supply and demand balance

LGCs	Supply	Demand
Supply carried over from previous years (as of 15 Feb 2025)	**15.9m**	**-**
LGC supply (Q1-Q3 2025)	+42.8m	-
Estimated 2025 LGC supply (Q4 2025)	+11.2m to +14.2m	-
Non-RET demand (Q1-Q3 2025)	-	-10.8m
Estimated 2025 non-RET demand (Q4 2025)	-	-1.7m to - 4.2m
2025 RPP surrenders (before any shortfall)	-	-32.0m
LGCs accepted for shortfall charge refund (Q1-Q3 2025)	-	-3.4m
Estimated shortfall charge refund (Q4 2025)	-	-0.9m
Carried over shortfall for 2025 (less than 10% of liability)	-	-0.4m
Estimated balance as of 15 Feb 2026^	**-**	**18.2m to 23.7m**

Notes: There is a total of 8.8 million LGCs in shortfall that are eligible for shortfall refunds to be claimed, representing $573.9 million in consolidated revenue. This excludes LGCs in shortfall from entities under administration.

Estimated 2025 LGC supply, and non-RET demand (Q4) based on the range of CER estimates for 2025 LGC creations (54 to 57 million) and non-RET surrenders (12.5 million to 15 million) after subtracting Q1-Q3 2025 figures.

^Sum of all supply items, less the sum of all demand items. This assumes no further shortfall is taken for the 2025 compliance year.

LGC creations are a function of eligible renewable generation capacity and how much of that capacity is used to produce electricity, which in turn is a function of weather conditions and economics.

A record 15.7 million LGCs were created over the quarter, with around 11.0 million from wind generators. Following a Q2 record, total 2025 LGC supply is expected to be around the upper bound of our estimated 54-57 million range for the year.

The strong quarter for wind-driven LGC creations follows a year where a 'wind drought' in late autumn to early winter 2024 affected output from wind generators in some regions. Overall, creations from wind technologies have been 3.7 million higher so far in 2025 than same period last year. This healthy lift in creations has more than offset the drop-off in creations from hydro which is at a 7-year low, at less than 0.5 million year-to-date. Hydro makes up only a small proportion of the LGC supply – it has a relatively large share of 'below baseline' electricity that is not eligible for LGC creations. This means that the LGC creations can be quite volatile from smaller proportional changes in generation. Below baseline electricity is now eligible for the REGO scheme, as discussed below.

Generation incentivised by the LRET to date contributes to record renewable penetration. AEMO data show that average renewable penetration reached a new high in Q3 2025, with 42.7% in the NEM and 36.4% in Western Australia's Wholesale Electricity Market (WEM), up from 39.3% and 35.2% respectively in Q3 2024. In the NEM, wind generation reached a record quarterly average of 4,676 MW – up 16% compared with the same period last year. Grid-scale solar also rose by 16%, averaging 1,699 MW, marking a new high for the third quarter. In the WEM, the quarter saw a new peak in renewable penetration for a 5-minute interval, which reached 83.2%.

The LGC markets continue to respond to the increasing LGC supply with LGC spot prices falling to $10.80 from $16.50 at the beginning of Q3 2025, with forward prices following broadly similar trajectories.

Figure 2.1 LGCs validated by technology type

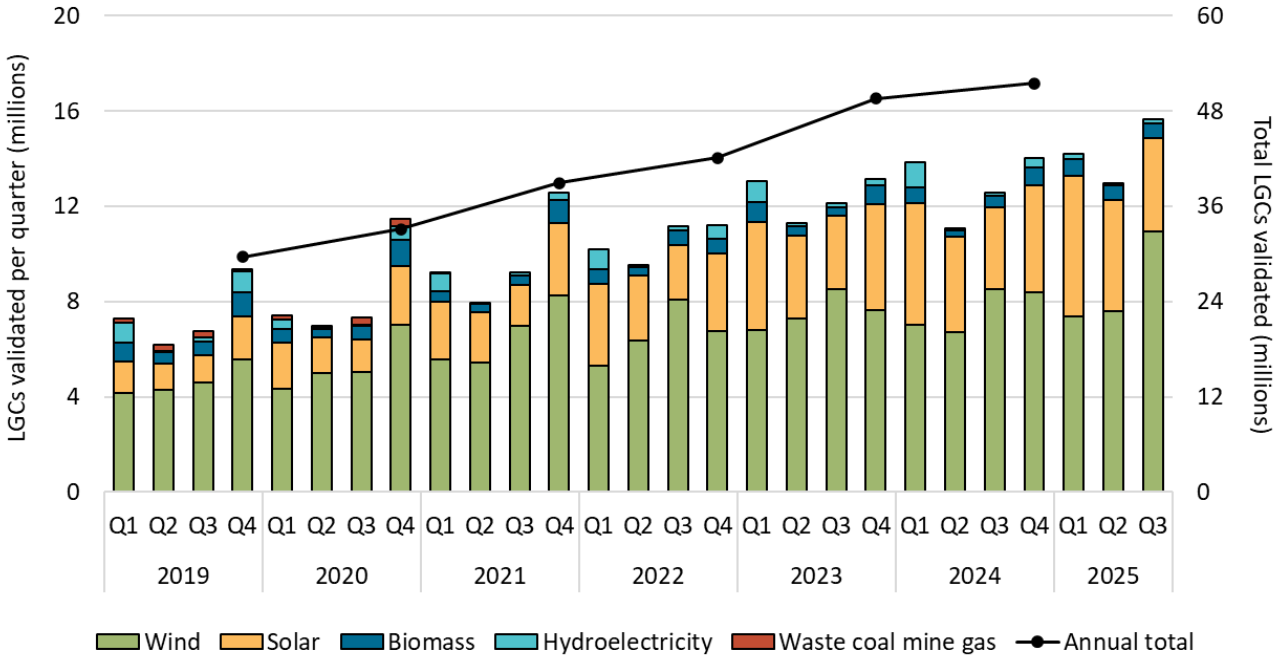
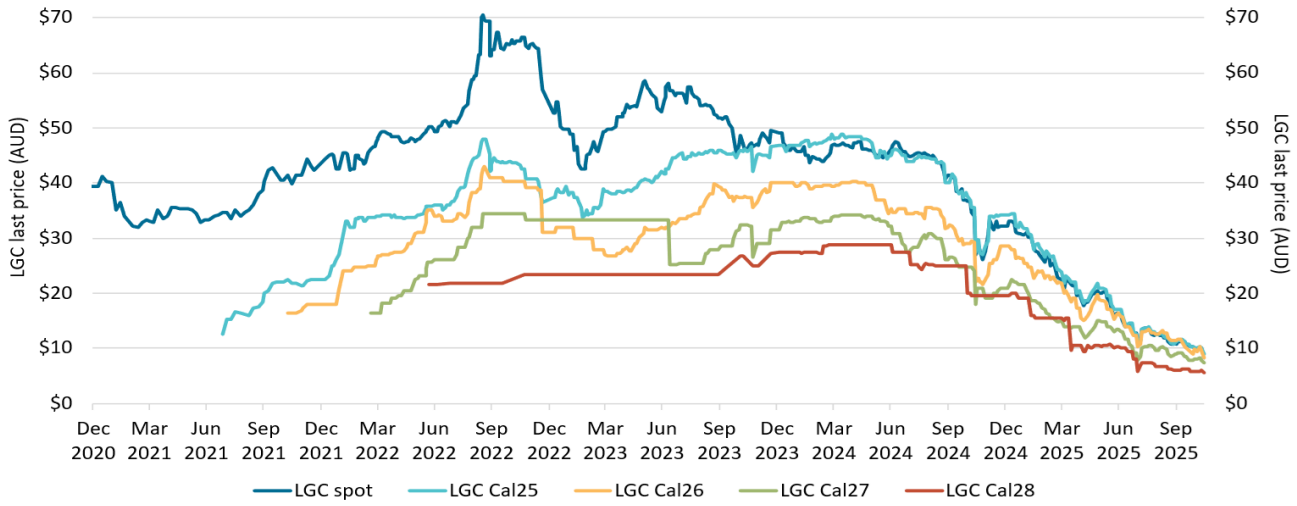


Figure 2.2 LGC reported spot and forward prices



Strong LRET approvals in 2025

With more than 3.3 GW already approved and another 0.9 GW under assessment, capacity approved under the LRET could reach 4 GW for the second year in a row. Combined with SRES capacity, the CER estimates close to 7 GW of renewable capacity will be added to the grid in 2025. In addition, industry intelligence suggests that an additional 0.8 GW of large-scale capacity may be submitted to the CER for approval by the end of 2025. This sets up a strong start to 2026 for LRET approvals.

Since the end of Q3, media is reporting that King Rocks Wind Farm (105 MW) has begun construction and the Blind Creek solar/battery project (300 MW) has reached financial close. There are 3 more projects for 1.1 GW we are tracking which, based on publicly available information from the companies, could achieve FID late this year or early in 2026. Those projects are:

- Eurimbula Solar Farm – (Queensland, 696 MW)
- Waddi Wind Farm – (Western Australia, 108 MW)
- Palmer Wind Farm – (South Australia, 288 MW)

This would bring the annual total to around 2.5 GW. We have seen low FID years before. FID in 2023 had a similar result with around 2.3 GW being announced before rebounding to over 4 GW in 2024. While capacity reaching FID has been down on 2024, the CER is still tracking around 21 GW of capacity in projects that are categorised as probable in our LRET supply data. Based on CIS auction results we expect FIDs for 2026 to be stronger, particularly in the second half of the calendar year. The CER will publish its 2026 outlook in the Q4 2025 QCMR.

Figure 2.3 Approved large-scale wind and solar capacity

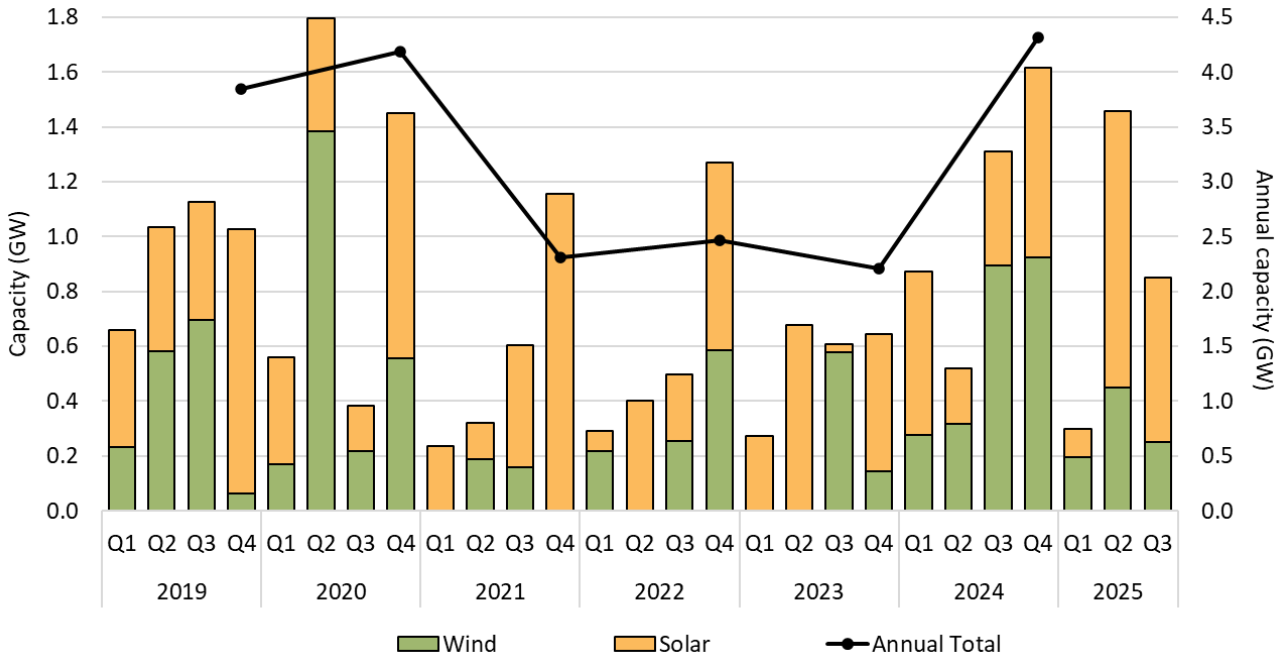
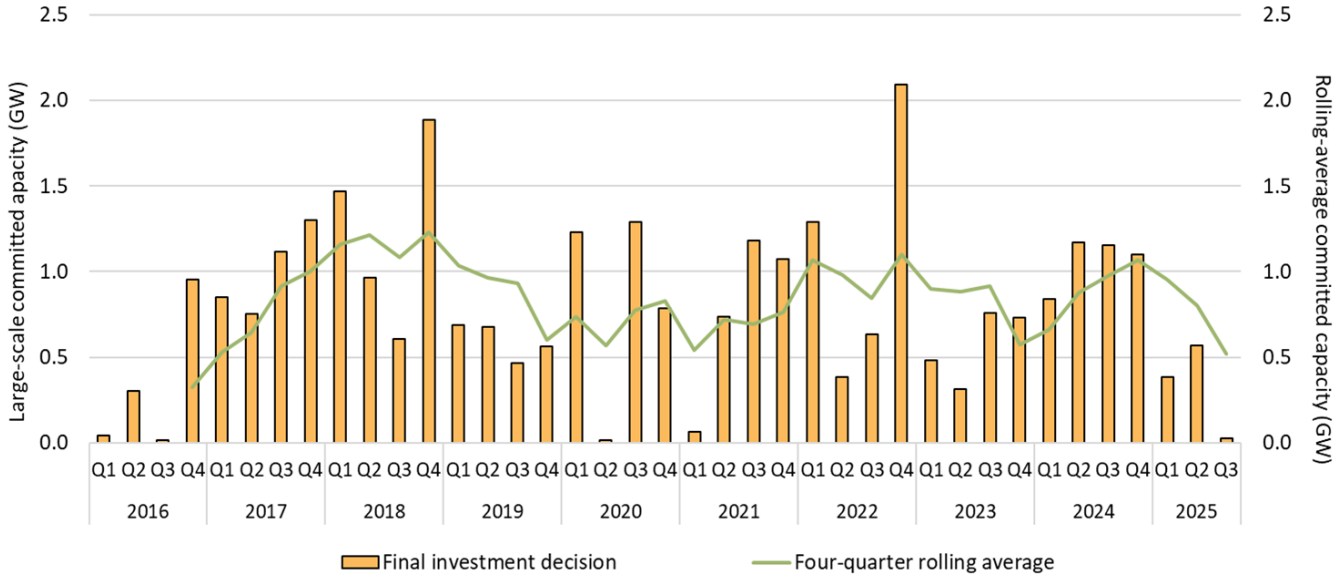


Figure 2.4 Final investment decision capacity (GW) for large-scale renewable generation



Capacity Investment Scheme (CIS) update

The outcome of CIS Tender 4 for renewable generation in the NEM was announced on 9 October and saw 20 successful bids totalling 6.6 GW of capacity. In an indication of the depth of potential renewable projects, the CIS continues to be strongly oversubscribed, with a further 19 GW of (unsuccessful) bids submitted in Stage A of Tender 4.

Across CIS Generation Tenders 1 and 4, there is now around 13 GW of renewable generation capacity (wind and solar) announced under the CIS, with the CER's LRET supply data indicating 12.5 GW of this being pre-FID. The CIS targets early-stage projects which are to be delivered by 2030. Successful proponents are offered underwriting contracts (known as CIS Agreements) which include detailed project delivery milestones. As the more advanced Tender 1 projects totalling over 5.5 GW progress, there is a real potential

for these projects in combination with non-CIS projects to achieve a strong year for FID announcements in 2026.

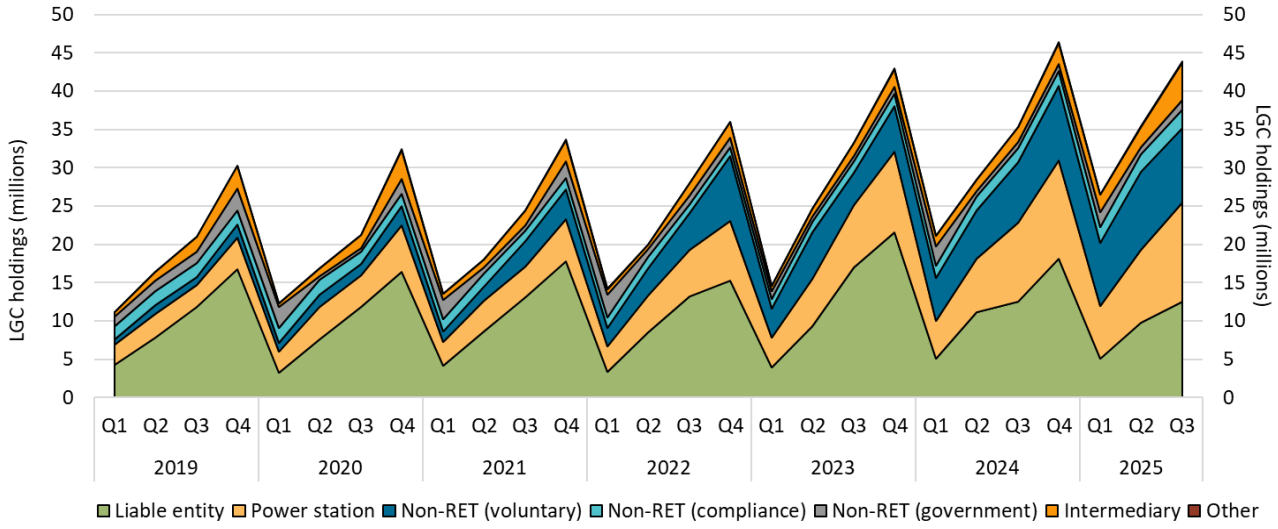
The 20 successful projects under Tender 4 mark a shift toward solar projects that support dispatchable energy at times of high demand. Of the 20 projects, 8 were wind and 12 solar. More than half of the successful projects (11 of the 12 solar projects and one wind) included co-located storage.

The rise of battery integration in large-scale solar projects underscores the growing role of storage in making use of solar output at times when demand is higher.

Power stations holding more LGCs; non-RET cancellations hit record

LGC holdings in power station accounts are at a record 12.9 million and for the first time represent the largest component of categorised holdings. This dynamic is emerging as the LGC supply continues to outpace demand and the originating power stations are holding an increasing amount of the residual LGC supply. While power station holdings will fluctuate as spot trades and contracts are fulfilled, the overall trend of increased holdings may continue, depending in particular on the level of voluntary demand.

Figure 2.5 LGC holdings (in millions) by market participation



There were 3.6 million non-RET LGC cancellations in Q3, bringing the total to 10.8 million in the first 3 quarters of 2025. This is 0.4 million higher than all 2024 non-RET cancellations.

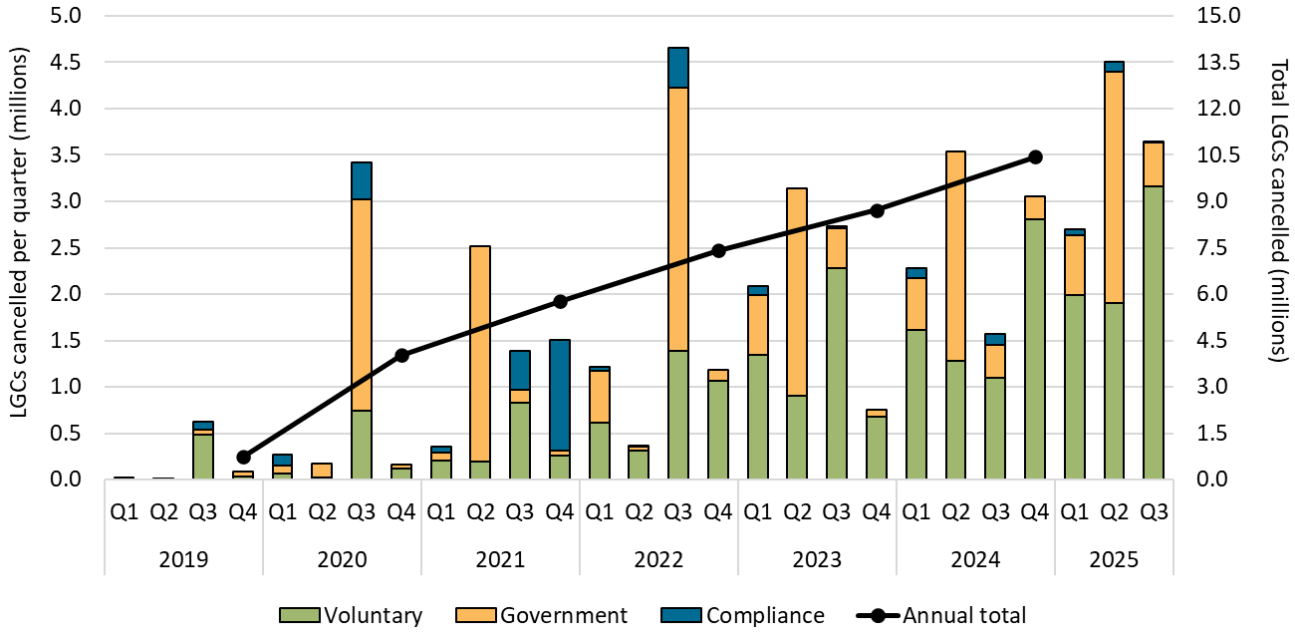
Around 5.3 million of the 2025 non-RET cancellations have been linked to 47 NGER reporters, demonstrating that some NGER reporters are already taking action with regard to their scope 2 emissions. This is up from 2.7 million LGCs cancelled by 34 NGER reporters over the same period in 2024. Commitments to meet 100% renewable energy in 2025 are driving a significant proportion of this uplift. As NGER reporters are also tranche 1 participants of mandatory climate-related financial reporting, these requirements may also influence voluntary offsetting of some scope 2 emissions through voluntary LGC purchases.

Since the end of Q3, there has been an additional 3.2 million cancellations with Greenpower clients contributing 2.1 million of that additional volume in November. The 2025 year-to-date total now sits at 14 million.

As noted in previous QCMRs, lower LGC prices may incentivise increased demand from voluntary buyers, with the potential for increased purchases from existing entities and/or the entry of new voluntary buyers. Industry intelligence suggests there is an uptick in interest for LGCs from energy retailers who are making

enquiries on behalf of customers, driven by lower LGC prices. Buyers may emerge to take advantage of the lower price through spot trades and forward contracts.

Figure 2.6 Non-RET LGC cancellations by demand source



Renewable Electricity Guarantee of Origin scheme now live

The Renewable Electricity Guarantee of Origin (REGO) scheme commenced on 3 November and is now in operation alongside the RET. The REGO scheme will provide an ongoing renewable electricity certification mechanism once the RET ends in 2030, with more sources eligible, and the ability to view more information on each certificate, such as the time electricity was generated.

The following are eligible facility types under the REGO scheme:

- Accredited power stations – facilities that have been accredited in the Large-scale Renewable Energy Target (LRET). This includes 'below-baseline' generators with pre-1997 generation baselines. Below-baseline generators are eligible to produce REGOs for all their generation, but certificates for generation below a generator's legacy baseline will be labelled as 'below-baseline REGOs' and have restrictions on what they can be retired for.
- Electricity generation systems – facilities that generate electricity from eligible renewable sources and are not accredited power stations in the LRET.
- Energy storage systems – facilities that can store energy and release electricity. Storage facilities are required to demonstrate that the electricity they have stored is from renewable sources to be eligible to create REGOs from subsequent electricity dispatch. This can be demonstrated through a direct supply relationship with an eligible renewable electricity generation system, or through the retirement of REGOs or surrender of LGCs.
- Aggregated systems – multiple generation or storage systems managed as a single facility. Aggregated systems cannot be registered in the scheme until rules are legislated.

More information on the REGO scheme can be found on our website: Renewable Electricity Guarantee of Origin | Clean Energy Regulator.

Individuals need to be a registered person under the scheme to be eligible to create and transact REGOs for the electricity generation from registered renewable electricity facilities. As of 14 November, the CER has

received 2 applications for individuals to become registered persons in the scheme. We anticipate that the first REGOs from registered renewable electricity facilities will be created in early 2026.

REGO certificates are tradeable like LGCs, but unlike the RET there are no annual scheme targets. Only LGCs can be surrendered for compliance under the RET. During the period up to the end of 2030 when both schemes are active, facilities already registered under the LRET have the option to create either LGCs or REGOs for each unit of electricity.

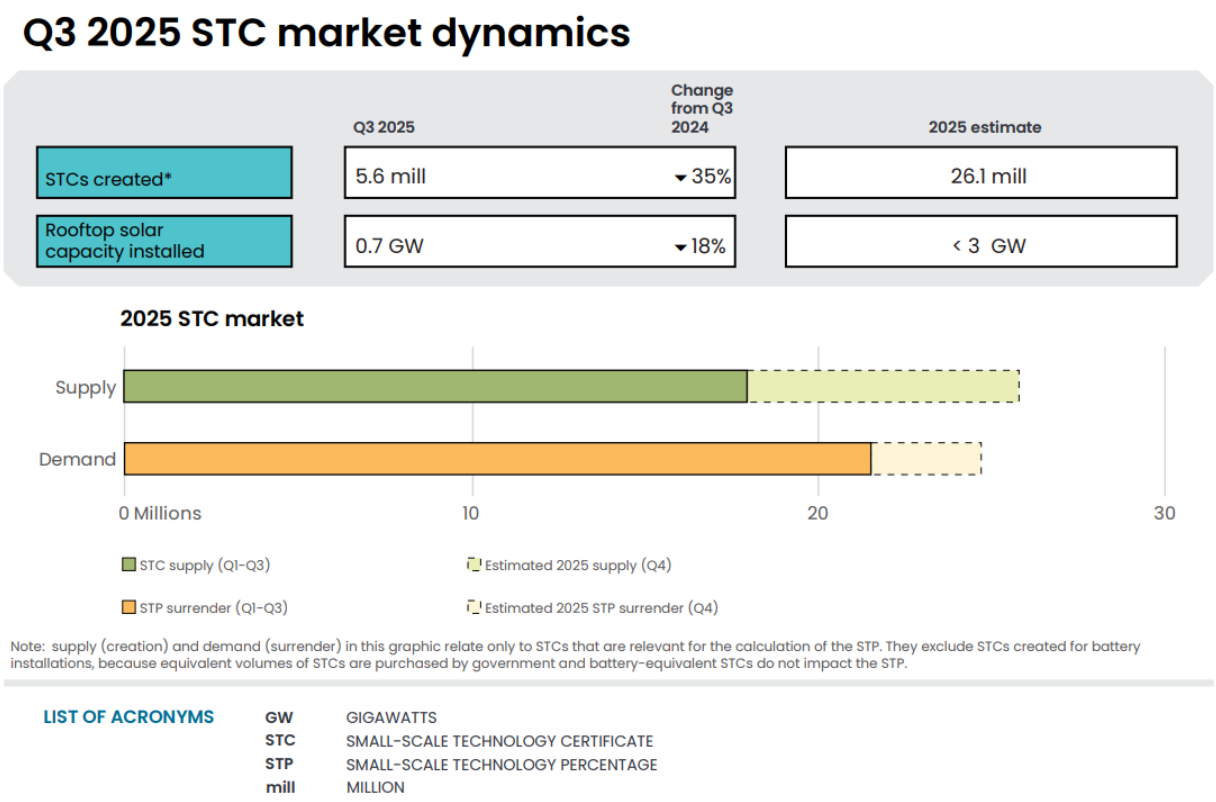
The CER will report on REGO in each future QCMR, with our analysis evolving as the scheme matures.

3. Small-scale Renewable Energy Scheme

Insights

- The Cheaper Home Batteries Program has so far exceeded expectations. We expect to receive around 175,000 valid battery applications corresponding to a total usable capacity of 3.9 GWh by the end of 2025. To put this in context, this is more capacity than the 5 biggest utility-sized batteries currently operational in the NEM.
  - » In Q3 2025, more than 54,000 batteries were installed and STCs validated for a total usable capacity of over 1 GWh.
  - » Strong demand means lead times for installations are anecdotally extending to around 3 months, while around 75-100 new installers are accredited each week.
- The early success of the program, which could see in excess of 6 GWh of capacity installed in its first full year, indicates the potential of solar batteries to contribute to achieving the storage requirements needed to meet the 82% target for renewable energy by 2030.
- We will closely monitor progress of the program and discuss its contribution to meeting the government's objectives in future QCMRs.
- Retailers focussed part of their early efforts on battery installations to premises with existing solar. Accordingly, small-scale solar installations softened but are now showing some recovery. We expect total small-scale solar capacity for 2025 to come in at under 3 GW.
  - » As the Cheaper Home Batteries Program matures, we expect it to support increased small-scale solar capacity. In Q3 2025, most batteries installed (53%) were retrofitted to existing small-scale solar installations. We expect this percentage to decrease over time as the number of households with pre-existing, battery-ready small-scale solar declines.
  - » 230,000 small-scale solar systems for a capacity of 2.3 GW have been installed in 2025 to 14 November. Year-to-date capacity installed is down 13% from the same time last year.
- This softening in small-scale solar installations is affecting small-scale technology certificate (STC) creations. 5.6 million STCs were created in Q3 2025, excluding STCs created as part of the Cheaper Home Batteries Program which are purchased by the Government.
- Liable entities have been relying on the STC Clearing House to meet their surrender obligations. In Q3 2025, STC purchases from the Clearing House rose by 30% compared to same period last year – increasing from 4.8 million in Q3 2024 to 6.3 million in Q3 2025.
  - » With elevated use of the Clearing House, the STC market price remained close to the STC Clearing House price of $40 throughout Q3 2025.
  - » This increased reliance on the STC Clearing House is expected to continue for the rest of 2025 because the supply of STCs in the open market from small-scale solar installations is lower than expected.
- 24,000 air source heat pumps (ASHP) were installed in Q3 2025, with year-to-date installations 26% lower than over the same period last year. We expect that total installations in 2025 will approximately match those for 2022, after 2 strong years in 2023 and 2024.

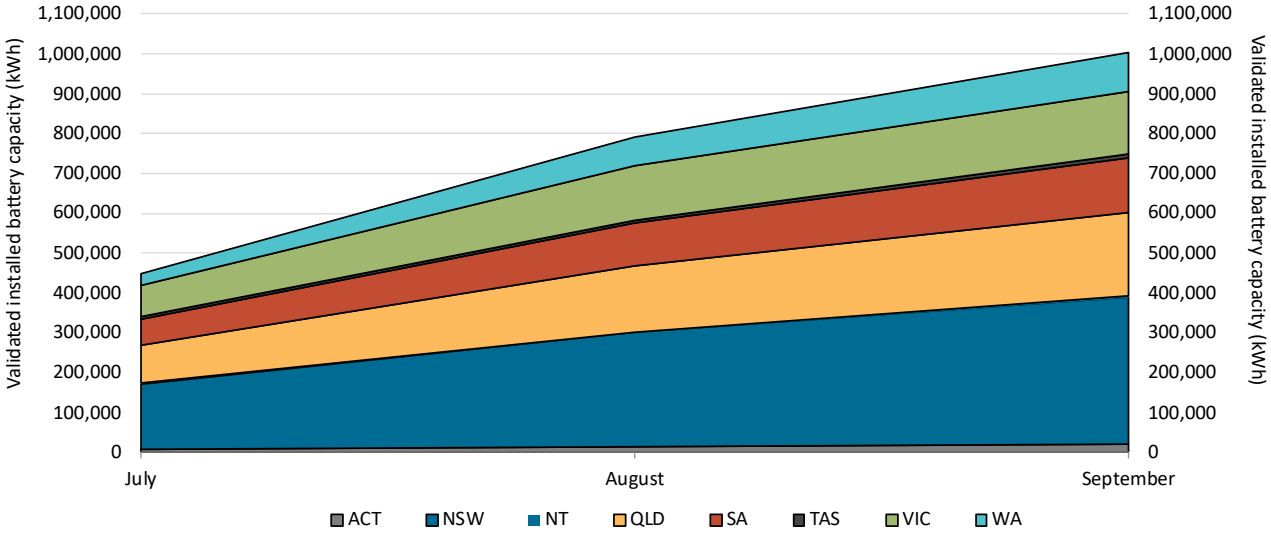
Image 3.1 2025 Q3 STC market dynamics



Strong first quarter of the Cheaper Home Batteries Program

During its first quarter, the Cheaper Home Batteries Program exceeded expectations, with more than 54,000 batteries approved under the scheme for a combined capacity of 1 GWh. The strength of the program has continued post-quarter – looking at both the pending and approved applications, more than 124,000 batteries representing 2.7 GWh of capacity were installed by 14 November 2025. Based on the success of the program to date, we anticipate around 175,000 valid batteries to be installed by the end of 2025, representing around 3.9 GWh of useable capacity. This is more than double the operating capacity of Australia's largest battery, the Waratah Super Battery (1.7 GWh).

Figure 3.1 Cumulative validated battery capacity installed by state and territory



Our analysis Q3 2025 data from the Cheaper Home Batteries Program shows that:

- Over 98% of batteries have been installed by households, with businesses making up most of the remainder. The Cheaper Home Battery Program is available to Australian households, businesses, and community organisations.
- Batteries installed by businesses are larger than batteries installed by households, averaging 28.3 kWh useable capacity. By comparison, household batteries averaged 18.3 kWh.
- The average size of household batteries rose steadily across Q3 2025, starting at 16.6 kWh in July and reaching 19.8 kWh in September.
- Around 53% of all batteries were retrofitted to an address with existing small-scale solar, with no upgrade to the solar system. The remainder were split fairly evenly between batteries installed concurrently with an upgrade to an existing small-scale solar system, and those installed with a new small-scale solar system.
- On average, small-scale solar systems that are being installed concurrently with batteries are larger than those with batteries retrofitted to them, averaging 10.7 kW in capacity compared to 8.6 kW. They are also larger than the average of all small-scale solar systems installed in Q3 2025 (10.4 kW).

If battery installation results were sustained over several years, a sizeable component of battery storage needs could potentially be met through a distributed energy system controlled by households. This would empower households and has the potential to increase competition and create a change in the nature of the retail energy market, driving down costs. Costs associated with network enhancement and transmission could also be reduced, providing further benefits for electricity consumers.

This fleet of distributed household batteries could drive the next step change in annual added rooftop solar capacity and that this combination could be a key element of the 2030 target of 82% renewables. Distributed generation and storage will be predominantly close to major population centres where increasing electricity demand will need to be met because of fuel switching to electricity, new data centres, and population growth. A step change well beyond past expectations may also help mitigate the reliability and price risks of unreliability of old coal fired generation.

Distributed rooftop solar and battery storage, which is predominantly funded by the system owners, could also reduce future costs in both low and high voltage networks.

We will continue to monitor these developments and provide further analysis and commentary in future QCMRs.

Figure 3.2 Distribution of validated battery installations by size range for residential systems

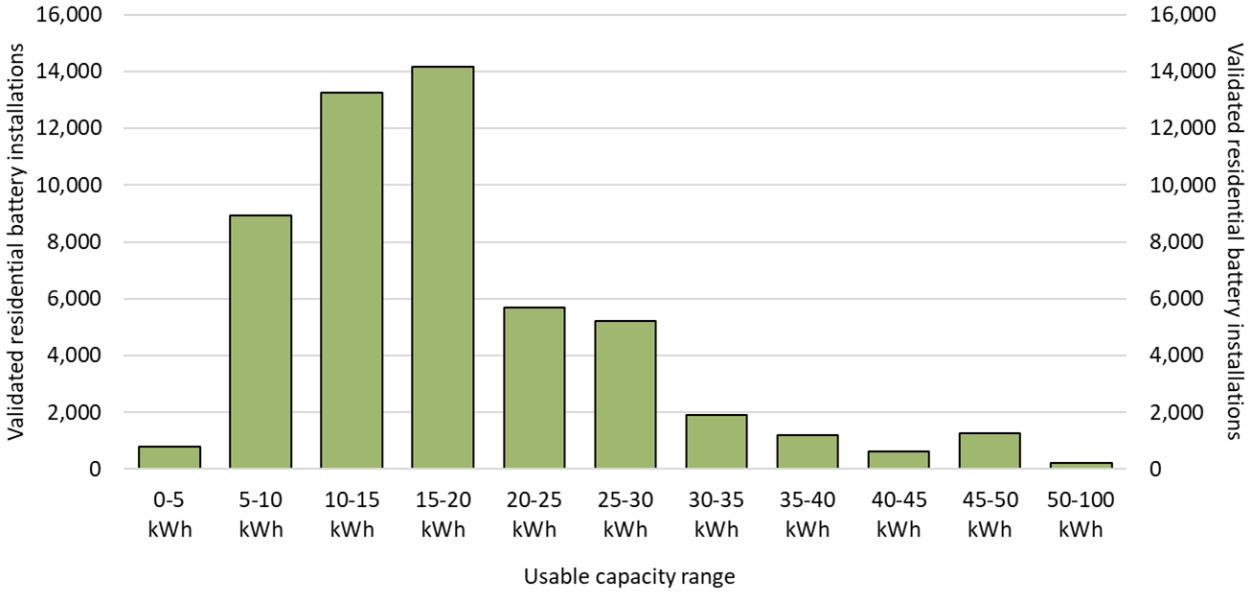


Figure 3.3 Distribution of validated battery installations by size range for non-residential systems

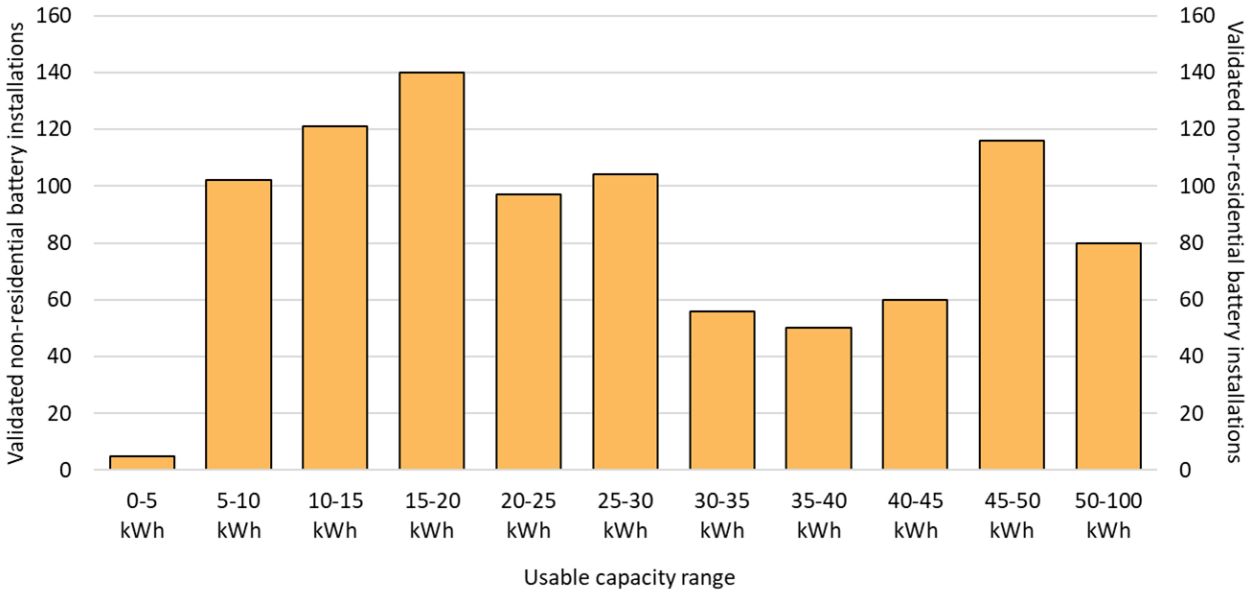
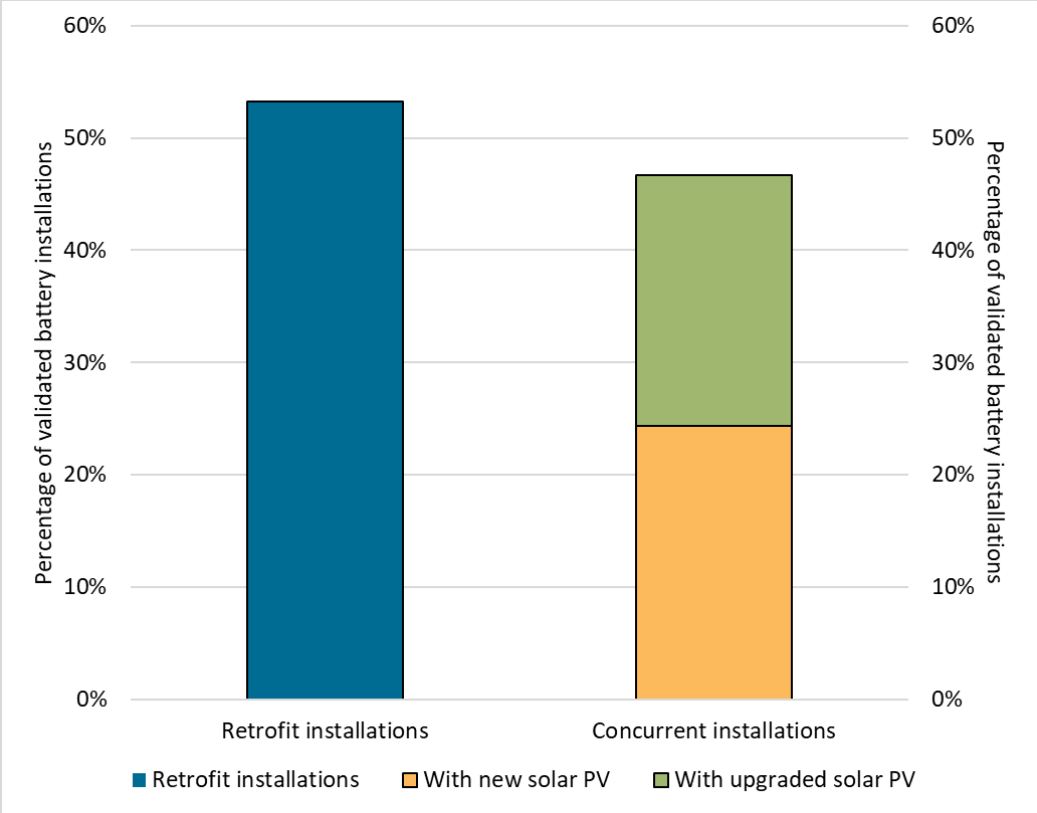


Figure 3.4 Distribution of validated battery installations by installation type



Market intelligence indicates that the high demand for batteries is continuing, with retailers indicating queues of several months for future installations. The high demand for batteries has been diverting installer resources to battery installations and away from the installation of standalone small-scale solar.

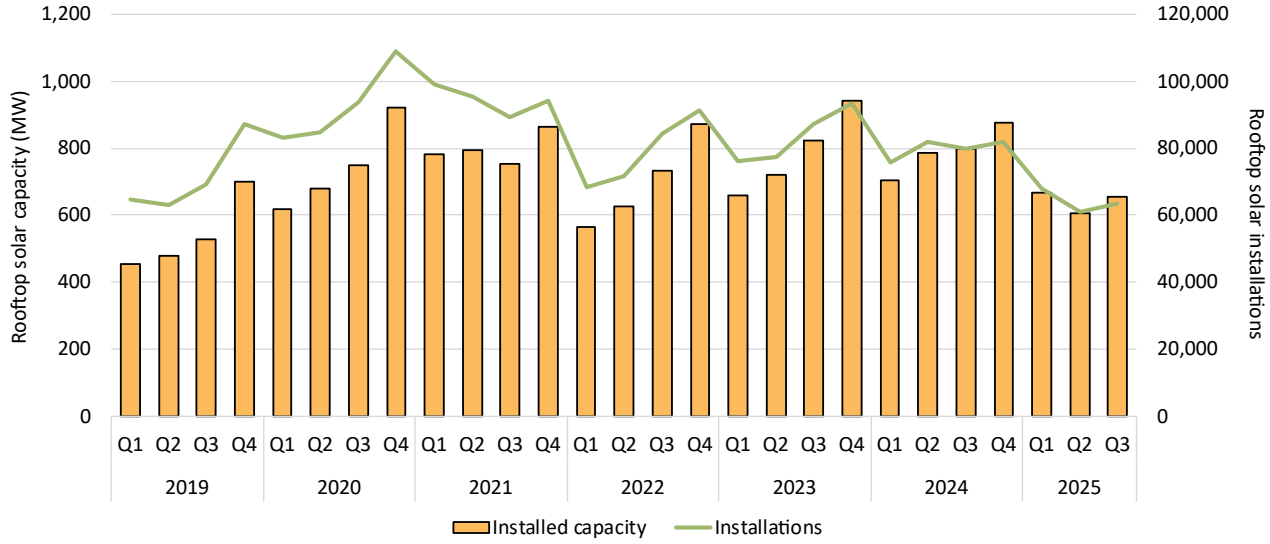
As the Cheaper Home Battery Program matures, we expect that the percentage of batteries being installed concurrently with new or upgraded small-scale solar will increase as the number of households with battery-ready systems declines as they install batteries under the scheme. Some older small-scale solar systems may require upgrades to existing equipment to facilitate battery installations. Older small-scale solar systems are also smaller on average, limiting the benefit of retrofitted battery storage. We anticipate the program will increase household demand for small-scale solar capacity by incentivising households to upgrade these solar systems to facilitate the installation of batteries and maximise their benefit.

Cheaper Home Batteries Program softens standalone PV uptake, but pickup expected

Program data and market intelligence suggest that small-scale solar installations are recovering from the softening observed due to the high demand for batteries. While installations are recovering from their trough, with demand for battery systems dominating, we expect that less than 3 GW of small-scale solar capacity will be installed in 2025.

In Q3 2025, around 63,000 small-scale solar systems were installed, totalling 656 MW of capacity. Post Q3, as of 14 November, a further 37,000 systems and 391 MW in capacity have been installed. This brings total installations in 2025 to 229,000 systems and 2.3 GW of capacity. Year-to-date installations and capacity are down 19% and 16% respectively compared to 2024; from 276,000 installations and 2.7 GW of capacity.

Figure 3.5 Small-scale solar installations and capacity by quarter

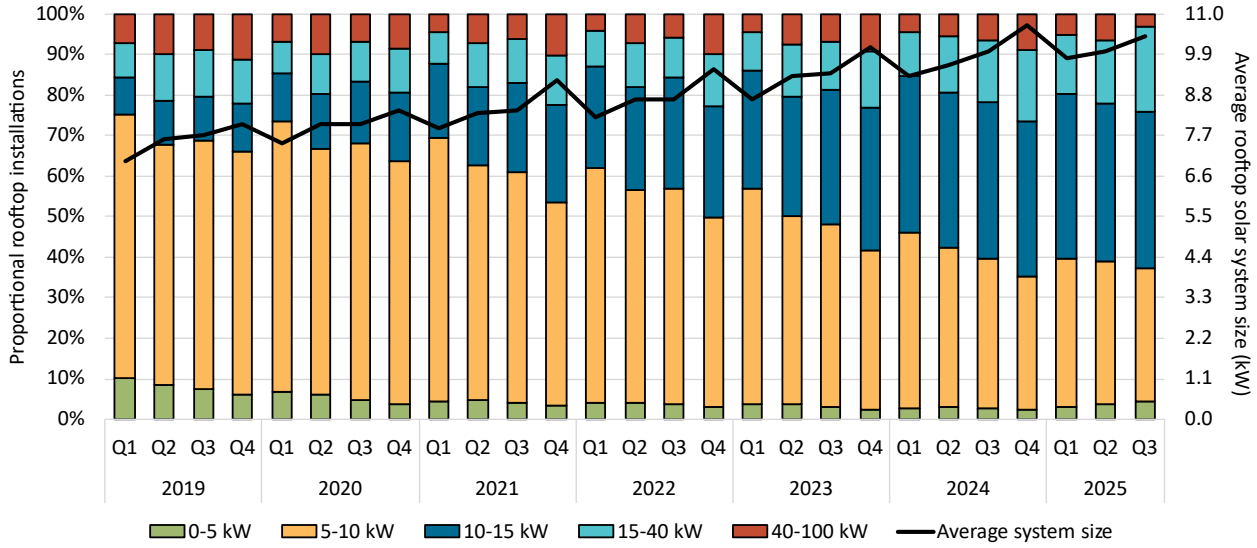


Small-scale solar installations started to soften in April, coinciding with the announcement of the Cheaper Home Batteries Program. The number of installations relative to the same time last year troughed in June 2025 at 71% of the 2024 level and is now recovering as the number of trained battery installers rises. Small-scale solar installations were higher for the 3 weeks to mid-November compared to the same period last year. We expect that small-scale solar will continue to recover throughout the rest of 2025 as households look to upgrade existing small-scale solar systems or install new ones to maximise the benefit of installing household batteries.

The average small-scale solar system size continues to increase. In Q3 2025, the average small-scale solar system reached 10.4 kW, up from 10.0 kW in Q3 2024. This increase has been driven by a rise in the proportion of 15 to 40 kW sized systems, with 21% of capacity installed in the quarter coming from systems in this size range, compared to 15% in Q3 2024. Q3 2024 also saw a continuation in the decline in 5 to 10 kW systems, with 33% of capacity coming from systems of that size, down from 37% in Q3 2024. Overall, small-scale solar systems installed in 2025 have averaged 10 kW in capacity.

The proliferation of small-scale solar generation has continued to adjust demand patterns. Australian Energy Market Operator data show minimum operational demand across the NEM (the demand that remains for electricity after subtracting the small-scale solar power) fell to unprecedented lows for a Q3, with New South Wales, Queensland and South Australia all setting new records.

Figure 3.6 Proportion of small-scale solar installed capacity by size range and average system size by quarter



STC market dynamics

STC creations from small-scale solar, wind, and hydro (small-scale generation units), solar water heaters (SWHs), and air source heat pumps (ASHPs) are below the expected creation rate used to calculate the 2025 STP. This reduction in STC creations has primarily been driven by a drop in small-scale solar installations, which is largely attributed to the strong uptake of the Cheaper Home Batteries Program as discussed above.

STC creations in Q3 2025 were 5.6 million, bringing year-to-date creations in 2025 to 18.2 million. These figures exclude STCs created as part of the Cheaper Home Batteries Program which are purchased by government rather than by entities with compliance obligations under the SRES (mostly electricity retailers). The average weekly STC creation rate in Q3 2025 was around 407,000, which is below the average weekly supply of 502,000 required to meet the 2025 STP.

Under the Small-scale Renewable Energy Scheme, an under or oversupply of STCs from small-scale generation units, SWHs, and ASHPs relative to STP requirements is accounted for through the cumulative adjustment mechanism. An undersupply of such STCs in 2025 compared to the estimated number of creations used to set the 2025 STP would simply be reflected through a downward cumulative adjustment in the 2026 STP. As usual, the Minister will set the 2026 STP on or before 31 March 2026.

With reduced STC creations from small-scale solar, liable entities relied on the STC Clearing House to meet their surrender obligations ahead of the Q3 2025 surrender deadline on 28 October 2025. In Q3 2025, 6.3 million STCs were bought from the STC Clearing House, up from 4.8 million in Q3 2024. This excludes those purchased by government under the Cheaper Home Batteries Program. As a result of the lower creations, the STC market price remained close to the STC Clearing House price of $40 throughout Q3 2025. This increased use of the STC Clearing House is expected to continue for the rest of 2025 because the supply of STCs in the open market from small-scale solar installations is lower than projected when the 2025 STP was set, prior to the Cheaper Home Batteries Program.

The STC Clearing House was in deficit at the beginning of Q3 2025 and remained so until late August. The STC Clearing House moved into surplus for most of September due to the rapid STC creations from batteries. Several periods of deficit coinciding with the purchase of STCs from batteries by government were observed in September.

Figure 3.7 Weekly supply of STCs from small-scale generation units, SWHs, and ASHPs and the required supply to meet the STP

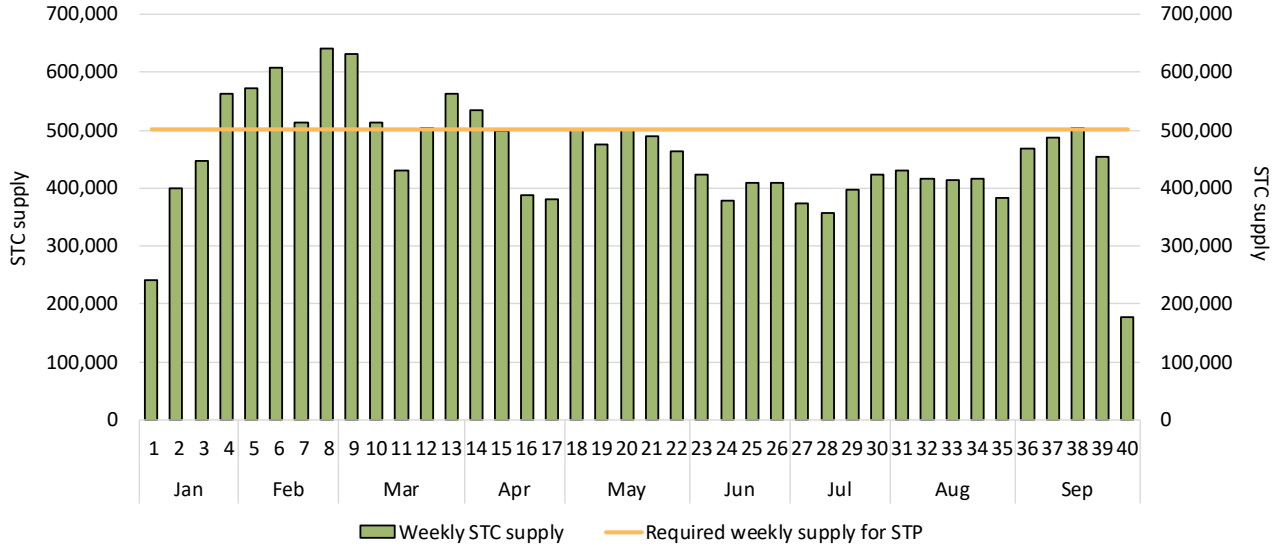
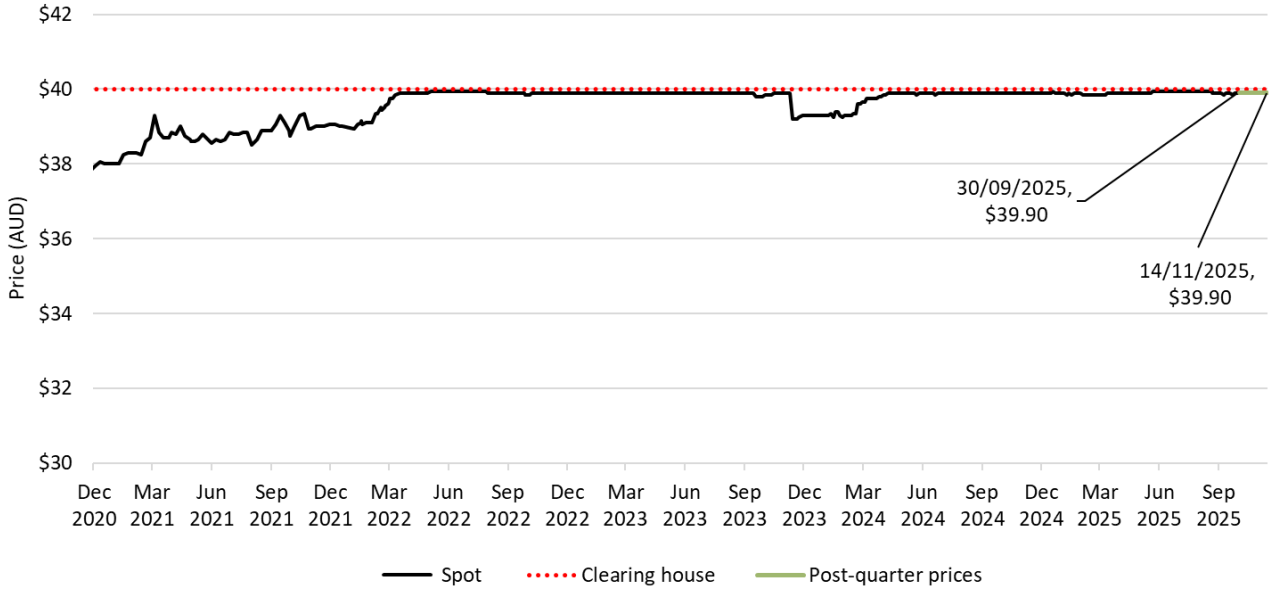


Figure 3.8 STC reported spot and clearing house prices



Air source heat pump installations settling from record years

ASHP installations in 2025 are on track to approximately match the number of installations in 2022 (87,000), settling from 2 strong years in 2023 (132,000) and 2024 (111,000). Approximately 24,000 ASHPs were installed in Q3 2025, down 11% compared to the 27,000 installed in Q3 2024. Year-to-date installations in 2025 have reached around 65,000, reflecting a 26% reduction relative to Q1 to Q3 2024.

Figure 3.9 ASHP installations by state and territory and associated STC validations