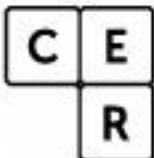




Renewable Energy Target

Administrative Report



**Renewable
Energy
Target**

2025



Australian Government
Clean Energy Regulator



The Hon Chris Bowen MP
Minister for Climate Change and Energy
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to submit the 2025 Renewable Energy Target (RET) Administrative Report. This report covers the 2025 calendar year and is submitted for presentation to Parliament under section 105 of the *Renewable Energy (Electricity) Act 2000* (the Act). The report incorporates key information and data relating to the RET from the December Quarter 2025 Quarterly Carbon Market Report (QCMR) which includes key information and metrics covering the operation of the Act for the full calendar year.

The objects of the Act – which include encouraging additional generation of electricity from renewable sources and reducing emissions of greenhouse gases in the electricity sector – continue to be achieved successfully.

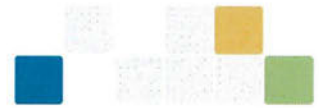
As you are aware, the Cheaper Home Batteries Program has been remarkably successful with more than 193,000 batteries installed in 2025 providing 4.6 GWh of capacity. This scale of uptake is already material and is strengthening the role of distributed storage in Australia's energy transition. Home batteries are lowering household bills while emerging as key enablers of higher renewable penetration.

2025 was another strong year for renewables generation with 6.8 GW of capacity added to the grid. The Clean Energy Regulator (CER) approved 409 large-scale renewable power stations totalling just under 4.0 GW of capacity to create certificates under the RET. Installed capacity for small-scale rooftop solar was lower than expected at 2.8 GW as installers temporarily shifted their focus to installing batteries for existing PV systems.

Renewable energy penetration in the National Electricity Market (NEM) continued to set records, averaging over 50% in Q4 2025 and 43.7% across the year. The estimated emissions reduction from the RET in 2025 was 62.1 million tonnes of CO₂-e, 13.6% higher than in 2024.

Looking forward, we expect a strong recovery for PV capacity in 2026 as consumers install new and upgraded PV systems alongside home batteries. Installed PV capacity reached an estimated 1.5 GW by 31 May, placing it on track to meet the CER's expectation that 3.0 to 3.7 GW will be installed in 2026. There has also been 1.5 GW of large-scale capacity approved to 31 May, in line with the CER's 2026 projection of 3.5 to 4.5 GW.

Home battery installations have continued at pace with more than 216,000 validated and pending installations for 7.1 GWh of capacity being recorded in 2026 to 31 May, bringing the total storage capacity under the Cheaper Home Battery Program to 12.1 GWh of storage capacity.



The RET is now more than 25 years old, and has entered its final 5 years of operation. Along with the introduction of household batteries into the Small-scale Renewable Energy Scheme, recent policy initiatives administered by the CER will play a part in the post-2030 foundations for Australia's electricity system:

- The Renewable Electricity Guarantee of Origin (REGO) scheme was implemented in November 2025. The REGO scheme will provide an ongoing renewable electricity certification mechanism after the end of the RET, with expanded fuel source eligibility and greater depth of information for each certificate.
- To enable the secure and efficient integration of small-scale generation and batteries into the national electricity system, the Regulator will fulfil a new role as the National Technical Regulator for consumer energy devices.

Together, with flagship policies such as the Capacity Investment Scheme, the Regulator's schemes play important roles in supporting the Australian Government's ambition of 82% renewable electricity by 2030 and net zero by 2050.

Yours sincerely

David Parker
Chair and CEO
Clean Energy Regulator

26 June 2026



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Report objective

In accordance with section 105 of the *Renewable Energy (Electricity) Act 2000* (the Act), the Clean Energy Regulator (CER) must give the Minister a report on the working of the Act during the year for presentation to Parliament.

To meet this legislative requirement, the 2025 Renewable Energy Target (RET) Administrative Report covers the operations of the Renewable Energy Target and the performance of the large-scale and small-scale renewable energy schemes for the 2025 calendar year.

Report disclaimer

All figures are sourced from the CER unless otherwise referenced. The chapters of the report are the relevant chapters from the December Quarter Quarterly Carbon Markets Report, published on 27 February 2026. Statements in this report reflect policy settings current at the time of QCMR publication, other than in specific instances where the Australian Government has announced or is consulting on proposed policy changes. The executive summary of this report is current as at 29 June. The latest Quarterly Carbon Markets Report and data are available on the CER website.

This RET Administrative Report represents the views of the CER at the date of publication. The CER is providing this information to the Parliament and 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 RET Administrative Report 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 RET Administrative Report, or the information provided through the RET Administrative Report, or the availability or non-availability of the RET Administrative Report.

Version history

Version	Date	Changes
1.0	29/06/2026	

Glossary

The CER [glossary](#) includes definitions/explanations of many terms and acronyms used throughout this report.



Executive Summary

Delivering carbon abatement through renewable electricity

In 2025, Australia continued its transition to a cleaner electricity system with strong large-scale renewable deployment, driving rapid uptake of distributed energy technologies, resulting in material emissions reductions across the electricity sector. The successful and popular addition of batteries to the Small-Scale Renewable Energy Scheme (SRES) was a notable milestone, marking the inclusion of distributed storage in the SRES for the first time. This growing fleet of distributed household batteries could drive the next step change in annual added rooftop solar capacity, with a sizeable component of battery storage needs met through a distributed energy system controlled by households.

The RET is estimated to have reduced emissions by around 62.1 million tonnes of carbon dioxide equivalent (CO₂-e) in 2025, reflecting renewable generation delivered under both the Large-scale Renewable Energy Target (LRET) and the SRES.

Australia experienced another strong year for renewable energy deployment, with an estimated 6.8 gigawatts (GW) of renewable capacity added in 2025. This comprised just under 4 GW of approved large-scale power stations and around 2.8 GW of small-scale solar installations from approximately 270,000 systems. This expansion in renewable capacity is supporting increased renewable energy penetration, with renewable energy accounting for 43.7% of electricity generation in the National Electricity Market (NEM) during the year, and renewables exceeding 50% of average generation in Q4 2025 for the first time.

The robust 4 GW of large-scale renewable project approvals included a record 3 GW of large-scale solar approvals. Final investment decisions were lower than in recent years at 2.1 GW. The pipeline of projects supported by the Capacity Investment Scheme (CIS) is substantial and is expected to support improved investment outcomes in 2026 and 2027.

On the small-scale side, the Cheaper Home Batteries Program exceeded expectations in its first 6 months of operation. More than 193,000 batteries were installed in 2025, delivering 4.6 gigawatt-hours (GWh) of distributed storage capacity – more than the combined capacity of the 12 largest in-service grid-scale batteries in the National Electricity Market. Battery uptake has continued strongly in 2026, reducing household bills and supporting higher renewable penetration.

With installer capacity focusing on battery installations, small-scale solar installations softened during part of 2025 before rebounding near the end of the year. Installed small-scale solar capacity has recovered as expected in 2026, supported by consumer demand for larger and battery-ready systems.

Outcomes under the LRET reflected both the success and maturity of the scheme. Large-scale generation certificate (LGC) supply exceeded forecasts in 2025, with 59.7 million LGCs created, driven by strong generation conditions and continued growth in accredited capacity. Voluntary (non-RET) demand reached a record 15.3 million LGCs, but this was not enough to absorb supply. As a result, oversupply and downward pressure on LGC prices persisted.

The RET is now in its final 5 years of operation, with the Renewable Electricity Guarantee of Origin (REGO) Scheme now in operation alongside the RET and continuing after the RET's conclusion in 2030. The Clean Energy Regulator will continue to administer the RET in accordance with the *Renewable Energy (Electricity) Act 2000*, maintain transparency for Parliament and the market, and monitor scheme performance through to the scheme's conclusion.



1. Large-scale renewable electricity

Insights

- Strength in Large-scale Renewable Energy Target (LRET) accreditations and better generation conditions resulted in LGC supply exceeding demand in 2025, with 59.7 million creations, above our 54-57 million forecast. High creations reflect the ongoing success of the LRET.
 - » Non-RET surrenders reached a record 15.3 million in 2025, driven by organisations meeting 100% renewable energy commitments. This growth was insufficient to increase LGC demand to meet supply.
 - › Non-RET LGC surrenders are expected to rise to 16-19 million in 2026, supported by ongoing corporate renewable commitments and lower LGC prices.
 - » We expect 64-66 million LGC creations in 2026, with oversupply likely to persist in 2026 through to the end of the RET in 2030 despite ongoing growth in non-RET surrenders.
- Large-scale renewable project approvals remained strong, totalling 4 GW in 2025, including a record 3 GW of solar approvals.
- A total 2.1 GW of generation projects reached final investment decision (FID) in 2025, the lowest in recent years despite a solid Q4. Both wind and solar recorded low annual FID.
- The pipeline of Capacity Investment Scheme (CIS) supported generation remains substantial, with 12 GW of potential generation capacity from the first 4 tenders yet to reach FID.
 - » Looking across CIS and other projects, between 6 and 16 GW of capacity may reach FID by the end of 2027.
- Large-scale energy storage entered CER schemes for the first time with the Renewable Electricity Guarantee of Origin (REGO) launch on 3 November 2025. The CER plans to track and publish large-scale storage project development, adding to our existing [large-scale generation pipeline data](#).
 - » Q4 2025 saw the first facility application received for approval under the REGO scheme, and the first 5 registered person applications accepted.
- LGC holdings reached 56.1 million at the end of 2025. Liable entities increased holdings as they prepare for the 2025 surrender deadline, as is typical.
 - » For 2025, 32.0 million LGCs were surrendered by the statutory deadline. Shortfall was recorded for 4 liable entities, totalling 1.8 million LGCs.
- Spot LGC prices fell sharply from \$32.25 to \$6.25 in 2025, with forward prices also declining.
- The Minister has set the 2026 Renewable Power Percentage (RPP) at 16.67%, slightly down from 17.91% in 2025.



Market dynamics

Image 1.1 Q4 2025 LGC market dynamic

Q4 2025 LGC market dynamics

	Q4 2025	Change from Q4 2024	2025 results	Year on year change	2025 estimate
LGCs validated	16.9 mil	▲ 20%	59.7 mil	▲ 16%	54 - 57 mil
Non-RET demand*	4.4 mil	▲ 45%	15.3 mil	▲ 46%	12.5 - 15 mil
Approved capacity	1.3 GW	▼ 20%	4.0 GW	▼ 9%	3.8 - 4.0 GW

*Our data shows entities do not always surrender LGCs for non-RET demand within the same quarter each year. Quarterly comparison should be interpreted with caution.



LIST OF ACRONYMS

GW	GIGAWATTS	RET	RENEWABLE ENERGY TARGET
LGC	LARGE-SCALE GENERATION CERTIFICATE	RPP	RENEWABLE POWER PERCENTAGE
mil	MILLION		

Table 1.1 LGC supply and demand balance

LGCs	Supply	Demand
Supply carried over from previous years (as of 15 Feb 2025)	15.9 m	-
LGC supply (Q1-Q4 2025)	59.7 m	-
Non-RET demand (Q1-Q4 2025)	-	15.3 m
2025 RPP surrenders	-	32.0 m
LGCs accepted for shortfall charge refund (Q1-Q4 2025)	-	3.4 m
Estimated balance as of 16 Feb 2026[^]	24.8 m	

Notes: There is a total of 3.9 million LGCs in shortfall that are eligible for shortfall refunds to be claimed, representing \$250.8 million in consolidated revenue as of 16 February 2026. This excludes LGCs in shortfall from entities under administration.

[^]Sum of all supply items, less the sum of all demand items. Figures may not sum due to rounding.

LGC creations are driven by the generation of renewable electricity by accredited large-scale power stations. One LGC is created for each MWh of eligible renewable electricity. Generation by power stations depends on installed capacity, weather, and operational factors like repairs, maintenance, and curtailment.

A record 16.9 million LGCs were created in Q4 2025, bringing total creations for the year to a record 59.7 million. This was above our projected 54-57 million and was an 8.2 million increase in creations compared to 2024. Box 1.1 summarises 2025 outcomes for the RET. As usual, the RET content in the Q4 QCMR functions as the basis for the annual [Renewable Energy Target's administrative report](#).

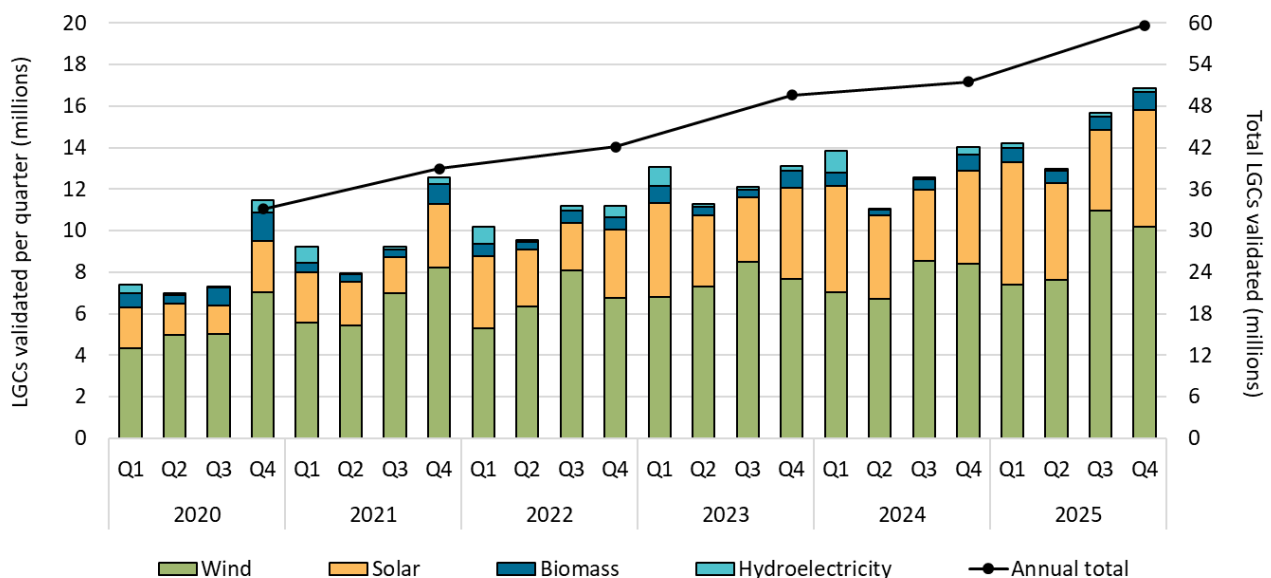


AEMO's [Q4 2025 Quarterly Energy Dynamics report](#) noted that renewables supplied 51% of overall electricity supply in the NEM in Q4 2025, marking the first quarter that average renewables penetration in the NEM exceeded 50%. This increase was driven by increased wind and solar output. Increased solar output reflected continued strength in new solar capacity, partially offset by curtailment. Battery discharge also recorded the strongest percentage growth of any fuel type between Q4 2024 and Q4 2025, as new systems entered the NEM, increasing output by 198% year-on-year. The report notes that increased battery contributions to the NEM's electricity supply, as well as increased wind generation, has reduced reliance on gas and hydroelectricity generation during the evening demand peaks, lowering wholesale electricity prices across the network.

Wind power stations generated the most LGCs of any technology type, with 36.1 million, or 61% of creations. Wind also had the largest increase in total LGC creations compared to 2024, generating an additional 5.5 million LGCs over the year. The robust performance of wind in 2025 compared to 2024 is attributable to the development and commissioning of new wind power stations over the year, as well as the absence of the wind drought conditions experienced in some regions in autumn and winter 2024.

Solar generation also had a strong 2025, with LGC creations increasing by 3.1 million to 20.1 million. The largest proportional increase in annual LGC creations was from biomass, which saw a 27% increase in creations from 2.2 million in 2024 to 2.8 million in 2025.

Figure 1.1: LGCs validated by technology type



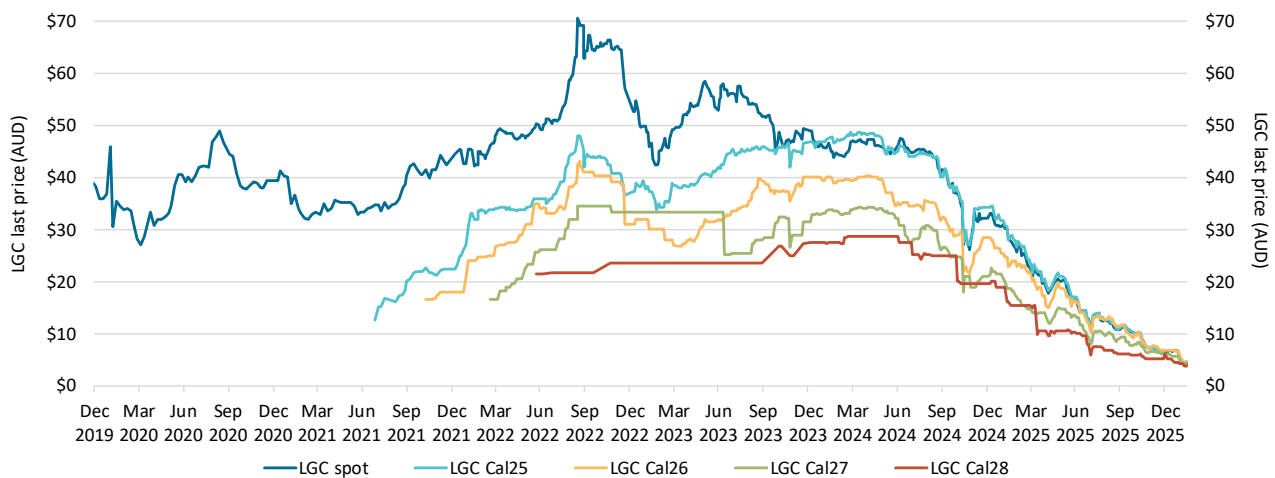
The high LGC creations in 2025 reflect generation from a now large stock of renewable capacity as well as ongoing strength in the development of large-scale renewables; the former in particular is due to the success of the LRET. Given the fixed target of 33,000 GWh of generation, however, this strength has resulted in a higher supply of LGCs than the market demands. The only sources of growth in demand for LGCs until the end of the scheme are for non-RET surrenders and shortfall refunds. Non-RET demand has seen significant growth over the last several years, but it has not been sufficient to match the increasing LGC supply.

Strong LGC creations in 2025 continued the oversupply of LGCs, putting downward pressure on prices. Over Q4 2025, the LGC spot price declined from \$11.25 to end the year at \$6.25. Over the year, the spot price declined by 81% from its 1 January 2025 price of \$32.25. Forward prices across all vintages from 2025 to 2028 saw similar declines over the course of 2025.



The LGC spot price has continued to decline in early 2026, dropping to \$4.25 as of 13 February 2026. Forward prices for all vintages 2026 to 2029 have also seen ongoing downward movement.

Figure 1.2: LGC reported spot and forward prices



Box 1.1: Renewables and the RET in 2025

2025 saw another strong year for Australia's rollout of renewable energy generation capacity, with 6.8 gigawatts (GW) of renewable energy capacity being added over the year. This consisted of just under 4 GW of approved large-scale power stations and around 2.8 GW of small-scale rooftop solar installations from around 270,000 systems.

- PV capacity was lower than the 3.2 GW installed in 2024; as discussed in [2.Small-scale Renewable Energy Scheme](#), this result is largely a temporary consequence of the success of the batteries program as retailers and installers took up work for clients with battery-ready PV systems.

In 2025, the total estimated generation incentivised by the SRES and LRET was 39,200 gigawatt hours (GWh) and 60,700 GWh respectively, for a total 99,900 GWh. This represented around 36% of all electricity generation in Australia, nearly 4% higher than 2024. The total amount of renewable generation includes hydro and other baseline renewables not eligible for LGCs. Across both the National Electricity Market (NEM) and Western Australia's South West Interconnected System (SWIS) ((NEM+SWIS)), renewable generation was 106,656 GWh in 2025. As a result of continued growth across both the distributed and large-scale sectors, renewable energy accounted for 43.7% of electricity generation in the National Electricity Market (NEM) in 2025.

Renewable energy penetration across the National Electricity Market (NEM) increased significantly in 2025, helping to meet rising electricity demand while reducing reliance on fossil-fuel generation. The December quarter was the first to see greater than 50% renewables on average for the NEM, a significant milestone. The share of renewables for the year rose from 38.9% to 43.7%, reflecting strong growth in both wind and solar output. This increase was driven by new renewable assets coming online, continued strong rates of rooftop solar installations, and more favourable wind conditions compared to mid-2024, when wind generation was constrained by unfavourable weather conditions.

Overall electricity generation in the NEM increased by 5.1 terawatt-hours (TWh) in 2025. However, renewable generation grew by a much larger 11.9 TWh over the same period. This means renewables not only supplied all additional generation required but also displaced approximately 6.8 TWh of non-renewable electricity.



Together, utility-scale batteries and distributed energy resources (which include household solar panels and batteries, and are also known as consumer energy resources) are emerging as key enablers for reaching 82% renewable electricity. For households, solar batteries can lower electricity bills by enabling daytime solar energy to be stored and used during the evening. But there are wider benefits of both smaller and large-scale storage. By reducing renewable energy curtailment and capturing power that would otherwise be wasted, batteries can improve capacity factors, maximise renewable output, and support a more efficient and reliable clean energy system.

As outlined in [previous QCMRs](#), the decline in LGC prices is unlikely to materially impact on large-scale renewable energy investment. Investment decisions are increasingly being made with little consideration to LGC prices, as developers have anticipated lower LGC prices in their business cases. Further, given the end of the RET scheme in 2030, new projects will have few years in which to generate LGCs, further reducing the relevance of LGC prices to new projects' cashflows over their useful lives. The CIS is currently the primary Commonwealth incentive for new large-scale generation projects, and the commencement of the REGO scheme on 3 November 2025 is expected to further shift the focus of developers away from the LRET.

The deadline for 2025 LGC surrenders was 16 February 2026. A total of 32.0 million LGCs were surrendered by liable entities, with all entities providing their energy acquisition statements for 2025 on time. A total of 1.8 million LGCs from 4 entities went into shortfall, with a further 11 entities carrying forward a shortfall of 0.2 million LGCs into the 2026 compliance year.

On 5 February 2026, the [RPP for 2026](#) was set at 16.67%, slightly down from 17.91% in 2025. The RPP is set by the Minister for Climate Change and Energy each year and is set so that LGC surrenders in the year meet the LRET's annual legislated target for renewable electricity, which is 33,000 GWh each year from 2021 to 2030.

The reduction in the RPP primarily reflects LGC liabilities in 2025 being higher than required for meeting the LRET target of 33 million LGC surrenders. This has resulted in a negative cumulative adjustment to the RPP for 2026, reducing the LGC surrender requirements for liable entities in 2026 from what they otherwise would have been. An increase in wholesale electricity purchases by liable entities also contributed to the lower percentage in 2026.

LGC creations in 2026 are expected to continue to increase. Assuming normal weather conditions, we anticipate that 64-66 million LGCs will be created in 2026. This should comfortably meet 2026 LRET obligations, shortfall refunds, and non-RET demand.

There is also further potential upside with the increased storage capacity entering Australia's electricity system through both large-scale batteries and the Cheaper Home Batteries Program. Increased storage capacity could facilitate reduced economic and network curtailment of renewables, as excess electricity generated from renewables can be used to charge batteries. The market is therefore expected to remain in oversupply through 2026 and likely until the end of the RET in 2030.

The successful LRET scheme has entered its final 5 years of operation. LGCs can be created for eligible generation occurring up to 31 December 2030. Following the final surrender deadline of 14 February 2031, all liable entity positions will be finalised.

2025 another strong year for large-scale approvals

Large-scale approvals kept up momentum through 2025. Large-scale generation capacity of 1.3 GW was approved in Q4, bringing total approvals in 2025 to 4.0 GW. This is down slightly from the record 4.3 GW approved in 2024. Most approvals were in NSW (1.8 GW) and Queensland (1.5 GW), with the 520 MW Stubbo Solar Farm (NSW) the single largest power station approved in 2025.

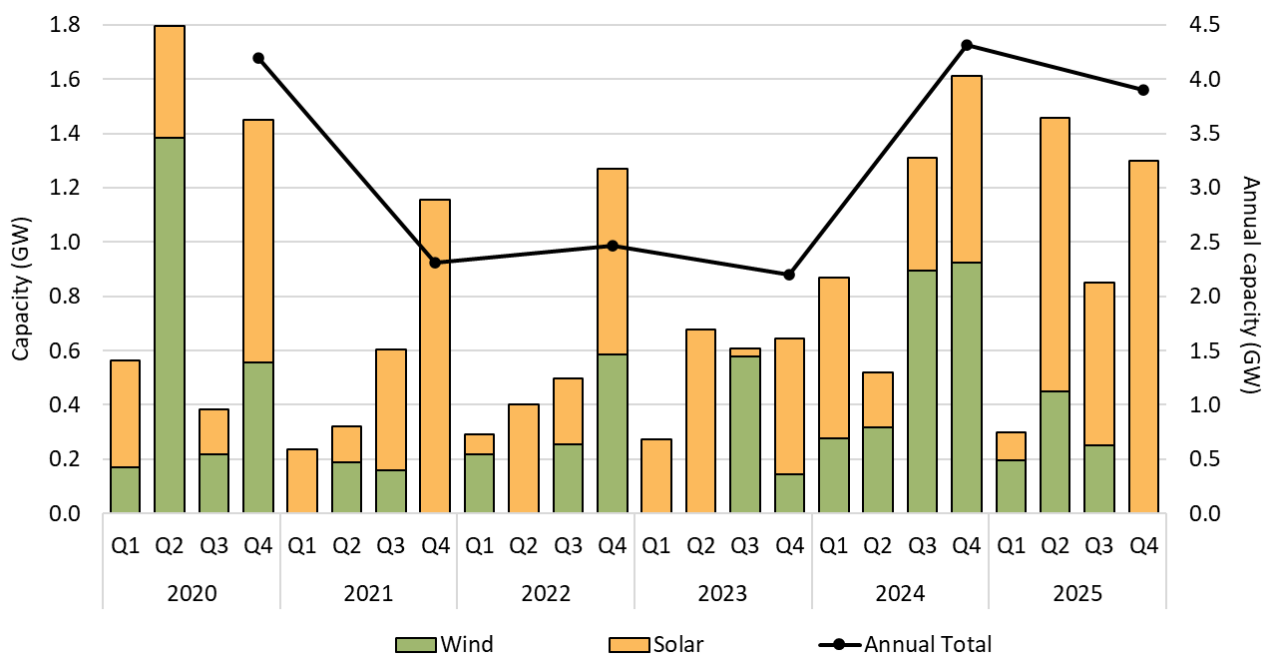


Of the 4 GW of large-scale generation capacity approved in 2025, 3 GW came from solar power stations. This marks the biggest year for large-scale solar approvals on record, beating the previous record of 2.5 GW set in 2018. 2025 was also the first year on record with multiple quarters seeing more than 1 GW of large-scale solar approvals, with 1 GW being approved in Q2, and 1.3 GW being approved in Q4.

Major power stations approved in Q4 2025 include:

- Aldoga Solar Farm (485 MW, QLD)
- Glenellen Solar Farm (260 MW, NSW)
- Carwarp Solar Farm (171 MW, VIC)
- Munna Creek Solar Farm (150 MW, QLD)
- Gunsynd Solar Farm (111 MW, QLD)

Figure 1.3 Approved large-scale wind and solar capacity (GW)



Another strong year for power station approvals is expected in 2026. As of 31 December 2025, 1.2 GW of large-scale capacity was under assessment by the CER, suggesting that strong approvals may be seen in the first half of 2026. Based on our generation project pipeline, and the typical timeframes for projects to reach approval from FID or the start of construction, we anticipate that between 3.5 and 4.5 GW of large-scale capacity will be approved under the LRET scheme in 2026.

However, when large projects reach their first generation is subject to a range of uncertainties, such as weather conditions, workforce availability, and global supply chains. We will monitor the progress of project construction and applications for approval throughout 2026 and provide updates on our projection throughout the year.

2025 ends on a high note for final investment decisions

FID in 2025 totalled 2.1 GW. This is the lowest figure for FID in recent years, despite a robust 960 MW reaching FID in Q4 2025.

FID is highly variable year-to-year. Both solar and wind saw significant declines in FID in 2025 compared to 2024 but remained within historical ranges. Solar projects reaching FID totalled 1.4 GW, the lowest figure in



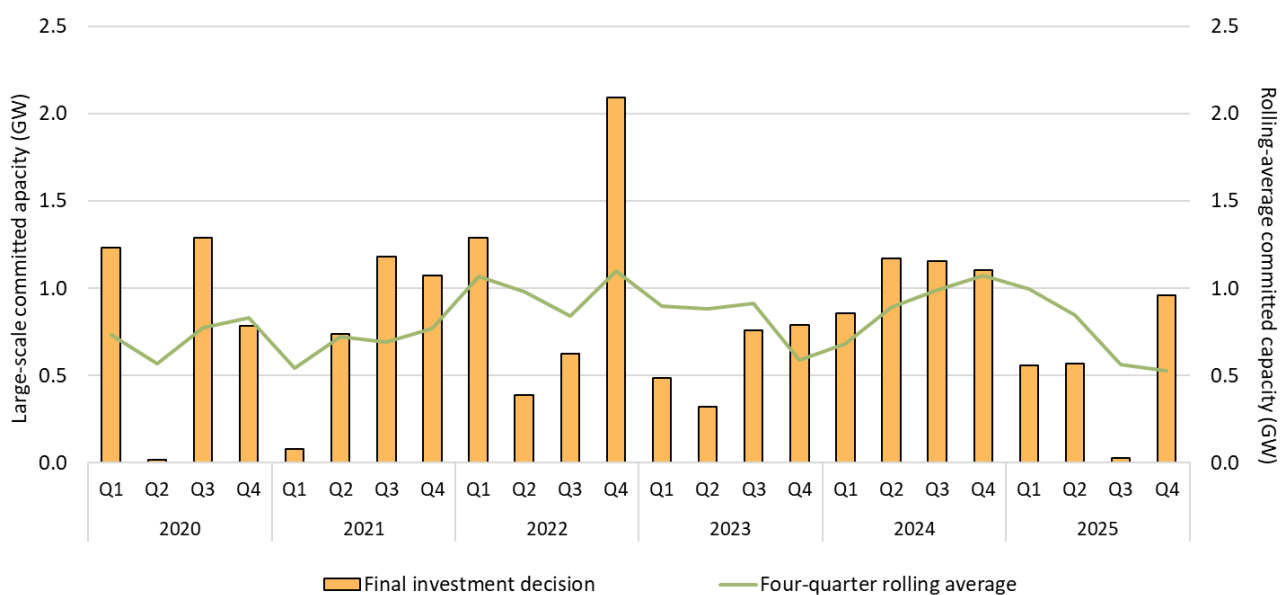
recent years, below the previous record low of 1.5 GW in 2021. Wind projects reaching FID in 2025 totalled 685 MW.

Major projects reaching FID in Q4 2025 include:

- Blind Creek Solar Farm (300 MW, NSW)
- Carmody's Hill Wind Farm (247 MW, SA)
- Delburn Wind Farm (200 MW, VIC)
- Waddi Wind Farm (108 MW, WA)
- King Rocks Wind Farm (105 MW, WA)

Carmody's Hill Wind Farm was also the first project successful under [Tender 4 of the CIS](#) to reach FID.

Figure 1.4 Final investment decision capacity (GW) for large-scale renewable generation



Estimating FID is difficult due to the inherent year-to-year variability in FID. Given the key role of the CIS in incentivising new generation, total FID is dependent on the progress of CIS projects.

As of 31 December 2025, there was a combined 12 GW of potential future generation capacity from projects successful under one of the first 4 CIS tenders, excluding those that have already reached FID or that have been approved under the LRET. Under the assessment criteria of the CIS, projects should show a credible pathway to achieve a commercial operation date prior to 31 December 2030.

Based on the total pipeline (CIS-supported and other) of projects under development as of 31 December 2025, and the typical timeframe it takes projects to reach FID from the announcement of partial financing or planning approval, between 6 and 16 GW of generation capacity could reach FID by the end of 2027. For context, the total capacity of projects that have either reached partial financing or that have received planning or environmental approval under Commonwealth or state/territory legislation as of 31 December 2025 is 21.2 GW.



Renewable Electricity Guarantee of Origin underway; large-scale storage pipeline data under development

With the commencement of the REGO scheme on 3 November 2025, large-scale energy storage facilities have entered our schemes for the first time. To support the REGO scheme, as well as providing greater visibility of the transformation of Australia's electricity system to renewables and storage, we are developing a large-scale energy storage pipeline dataset.

Like our current [large-scale generation pipeline](#), the large-scale energy storage pipeline will track large-scale storage projects as they progress from development to operation, including registration under the REGO scheme for projects that participate.

We will provide further updates throughout 2026 on the development of our large-scale storage pipeline, including details on when the pipeline will be made publicly available on our website.

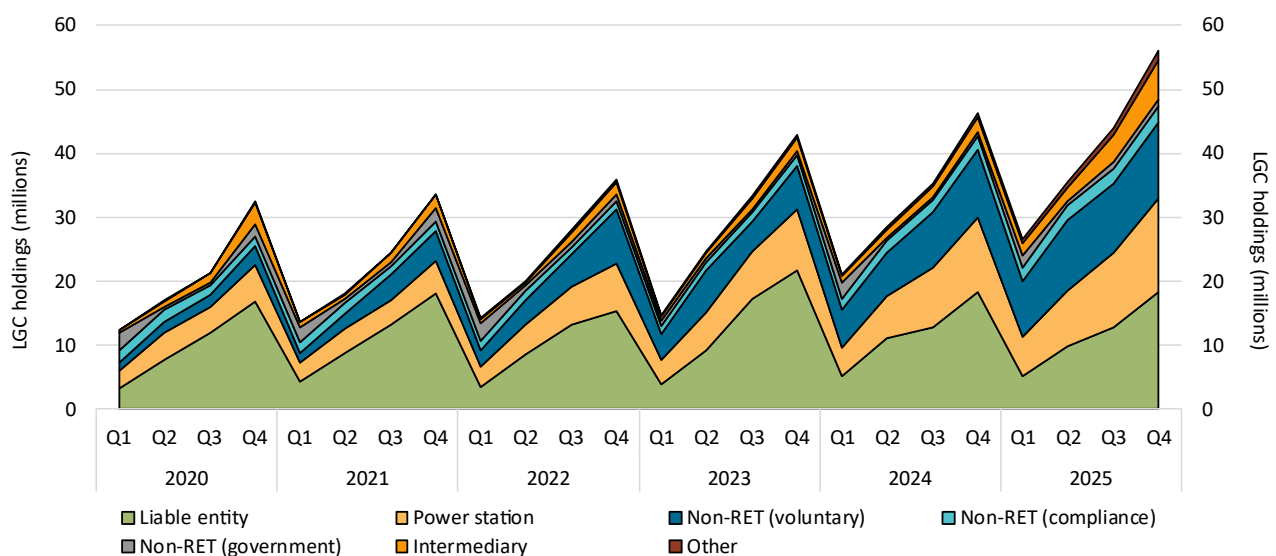
[AEMO's Quarterly Energy Dynamics report for Q4 2025](#) highlights the rapidly expanding role of storage in the NEM. Battery capacity and utilisation continued to increase, with record levels of grid-scale battery discharge helping to moderate wholesale prices and reduce the incidence of high-priced intervals. Voluntary curtailment increased in Q4 as some generators reduced output during low-price periods, reflecting commercial decisions that consider multiple revenue streams – including wholesale prices and certificate markets such as LGCs – and highlighting the role for additional storage to absorb surplus renewable generation.

The CER has begun receiving and approving applications under the REGO scheme. On 30 January 2026, the first renewable electricity facility was registered under the REGO scheme: a 166 kW solar facility in NSW. Registered [renewable electricity facilities](#) and [persons](#) are available through the Guarantee of Origin Register.

Non-RET demand surges from voluntary renewable commitments

Total LGC holdings increased by 12.2 million over Q4 2025 to reach 56.1 million by the end of the year. This is an increase of 9.7 million compared to the end of 2024. Holdings by intermediaries and power stations increased the most over 2025, growing by 3.7 million and 3.1 million, respectively. Holdings by liable entities are 0.2 million lower at the end of 2025 compared to the end of 2024 but rose in early 2026 as liable entities prepared for the 2025 LGC surrender deadline on 14 February 2026.

Figure 1.5 LGC holdings (in millions) by market participation

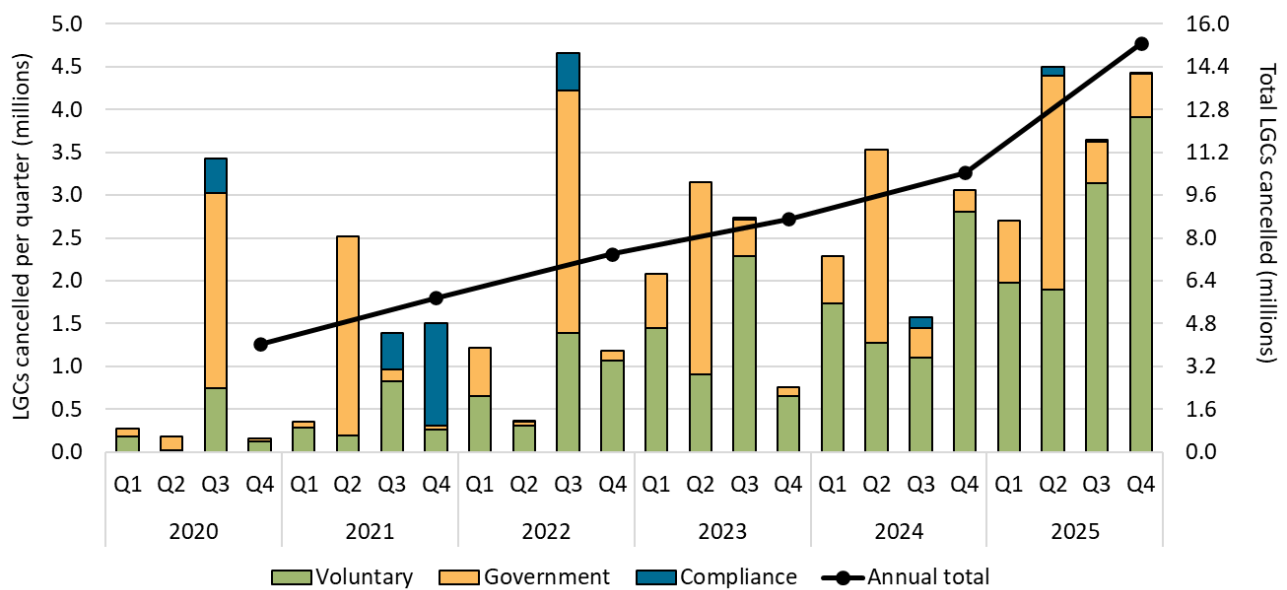




In Q4 2025, 4.4 million LGCs were surrendered for non-RET purposes, bringing total non-RET surrenders in the year to 15.3 million. This exceeded our expectations of 12.5 to 15 million and is a 4.8 million increase compared to 2024. This is the largest year-to-year increase in non-RET surrenders on record, exceeding the previous record increase of 3.3 million in 2020.

The largest increase in non-RET LGC surrenders came from voluntary surrenders, which increased by 4 million from 6.9 million in 2024 to 10.9 million in 2025. The increase in voluntary surrenders reflects many large entities reaching corporate goals for 100% renewables by 2025. Many of these entities were surrendering for the 2024-25 financial year. Some entities with targets for the 2025 calendar year may be expected to make their surrenders in 2026, which will further support non-RET demand for LGCs.

Figure 1.6 Non-RET LGC cancellations by demand source



Industry intelligence indicates increased interest in LGCs by electricity retailers on behalf of their customers due to the lower LGC prices, which may incentivise further non-RET demand growth. NGER reporters may also increase their voluntary surrenders to offset scope 2 emissions.

Increased scrutiny of greenwashing is also contributing to companies being more cautious about making net-zero or other environmental claims without unambiguous evidence. This may further support LGC demand from voluntary surrenderers as companies look to back up their environmental claims.

We expect 2026 to continue the trend of increasing non-RET LGC surrenders each year. We currently expect that between 16 and 19 million LGCs will be surrendered for non-RET purposes in 2026. We will monitor non-RET surrenders throughout the year and provide updates to our projection in future QCMRs.



2. Small-scale Renewable Energy Scheme

Insights

- The Cheaper Home Batteries Program exceeded early expectations in its first 6 months. More than 193,000 valid batteries were installed in 2025, delivering 4.6 GWh of capacity, more storage capacity than the 12 largest in-service large-scale batteries in the National Electricity Market (NEM) combined.
 - » Program adjustments that commenced on 1 May 2026 are helping to ensure the discount for battery systems remains appropriate across system sizes. The adjustments changed the STC calculation for batteries installed from 1 May 2026 and include a tiered system for STC creation based on battery size.
 - » Momentum for the Cheaper Home Batteries Program remained strong in Q4 2025, and we expect battery uptake to remain high in 2026. We anticipate that 350,000 to 520,000 batteries (8 to 12 GWh) will be installed throughout the year. The wide range for this projection reflects the challenges in projecting uptake in a new program.
- Small-scale solar PV installations softened for part of 2025 compared to 2024 as installer capacity shifted to battery work. Around 269,000 small-scale solar systems with 2.8 GW of capacity were installed in 2025, compared with 319,000 installations and 3.2 GW in 2024.
 - » A solid Q4 2025 rebound in installed capacity signals easing constraints.
 - » We expect small-scale solar installations to recover to 3.0–3.7 GW in 2026, with the Cheaper Home Batteries program supporting demand for new and upgraded systems as consumers seek to maximise the benefit provided by their new batteries.
 - › There is considerable uncertainty around the outlook for solar PV in the year ahead given the interdependencies between small-scale solar and solar batteries and the Cheaper Home Batteries Program being in its infancy.
 - » The 2026 Small-scale Technology Percentage set by the Minister at 11.67% is consistent with 3.4 GW of solar PV.
- STC prices were broadly stable through 2025, with the spot holding near \$39.90 before easing to \$39.85 as the clearing house moved into surplus late in the year.
- Air-source heat pump (ASHP) installations moderated to 91,000 in 2025 with declines in NSW and SA partially offset by growth in Victoria and Queensland.

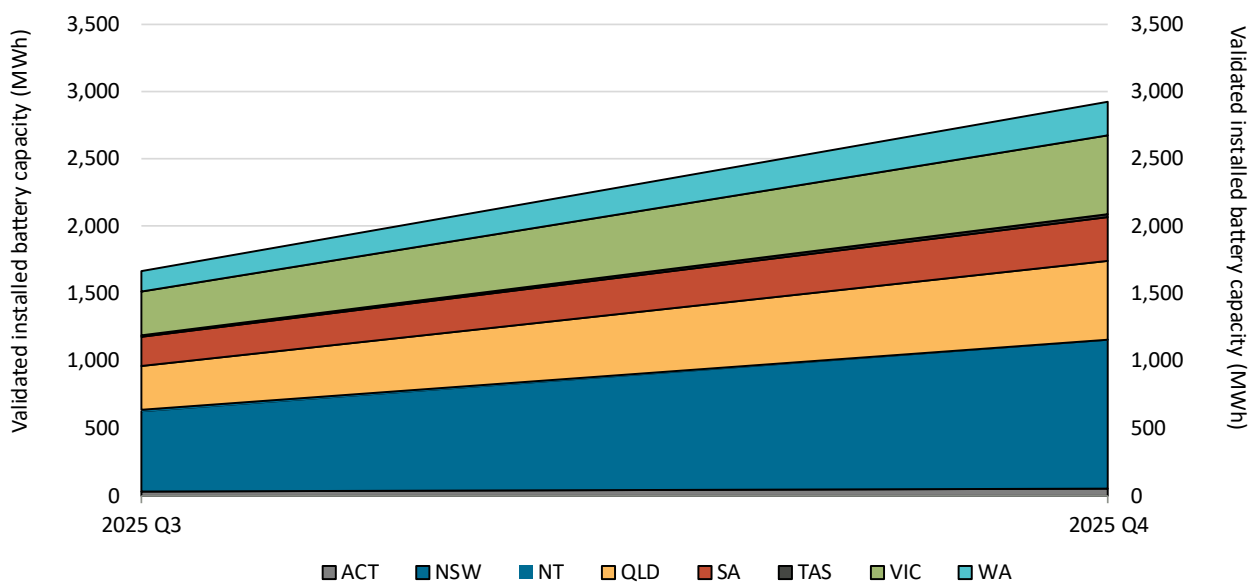


Battery installations exceed expectations in 2025

The Cheaper Home Batteries Program commenced on 1 July 2025 and has exceeded expectations in its first 6 months. In Q4 2025, around 109,000 validated batteries were approved, adding a further 2.9 GWh of capacity; 76% higher than the 1.7 GWh installed and validated in Q3 2025.

Across the program's first 6 months, over 193,000 valid batteries were installed, totalling 4.6 GWh of capacity. This represents more storage capacity than the 12 largest in-service large-scale batteries in the NEM combined. The number of validated 2025 installations and the associated capacity will continue to rise over the next 12 months as applications are made and assessed.

Figure 2.1: Small-scale cumulative validated battery capacity installed by state and territory (MWh)



Our analysis of the first two quarters of 2025 data from the Cheaper Home Batteries Program shows that:

- More than 98% of batteries have been installed by households, with businesses accounting for most of the remainder.
- Average usable capacity has increased each quarter for both business and household installations. The average household battery capacity installed in Q4 2025 was 26.8 kWh, up from 19.5 kWh in Q3. Batteries installed by businesses have consistently been larger but have also grown. The average business battery capacity installed in Q4 2025 was 36.2 kWh, up from 31.4 kWh in Q3.
- For business installations, batteries in 45 – 50 kWh usable capacity range were the most common, whereas household installations were dominated by batteries in the 15 – 20 kWh usable capacity category.
- Around 51% of all battery installations were retrofits to addresses with existing small-scale solar systems, 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 alongside a new system. Since the introduction of the Cheaper Home Batteries Program, around 60% of small-scale solar PV installations have been installed concurrently with a battery.



Figure 2.2 Distribution of validated battery installations by size range for residential systems

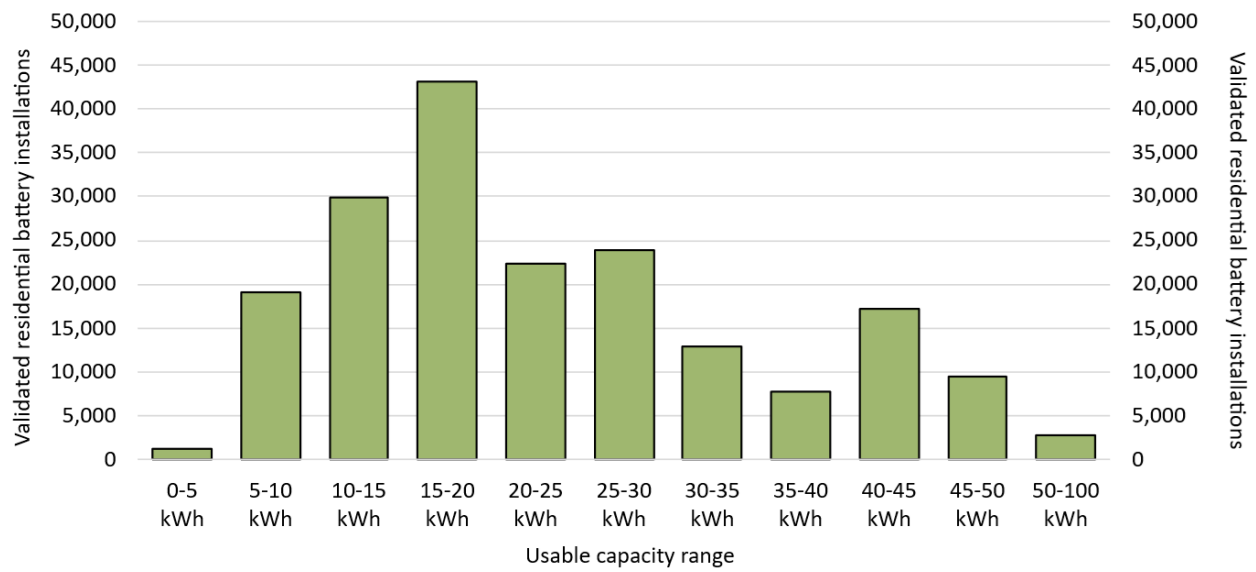


Figure 2.3 Distribution of validated battery installations by size range for non-residential systems

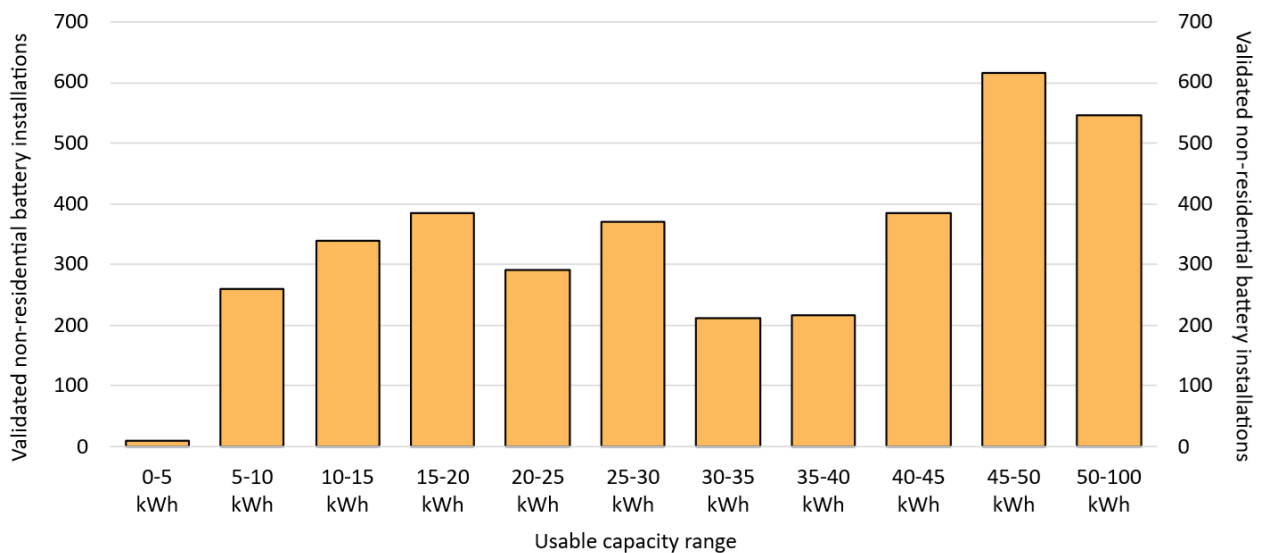




Figure 2.4 Distribution of validated battery installations by installation type

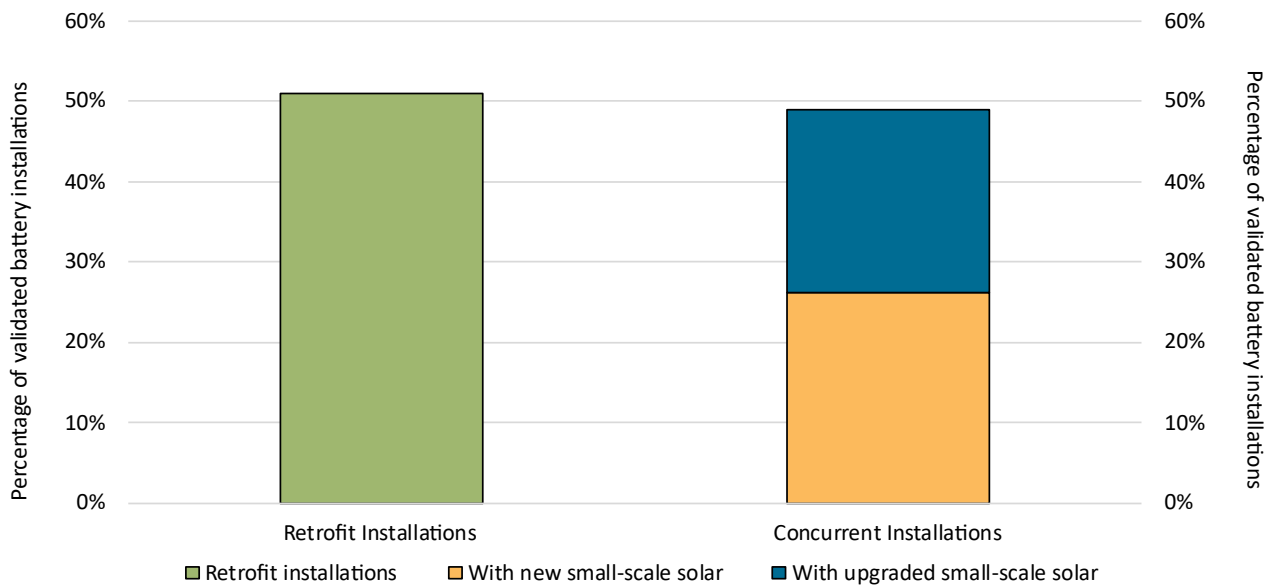
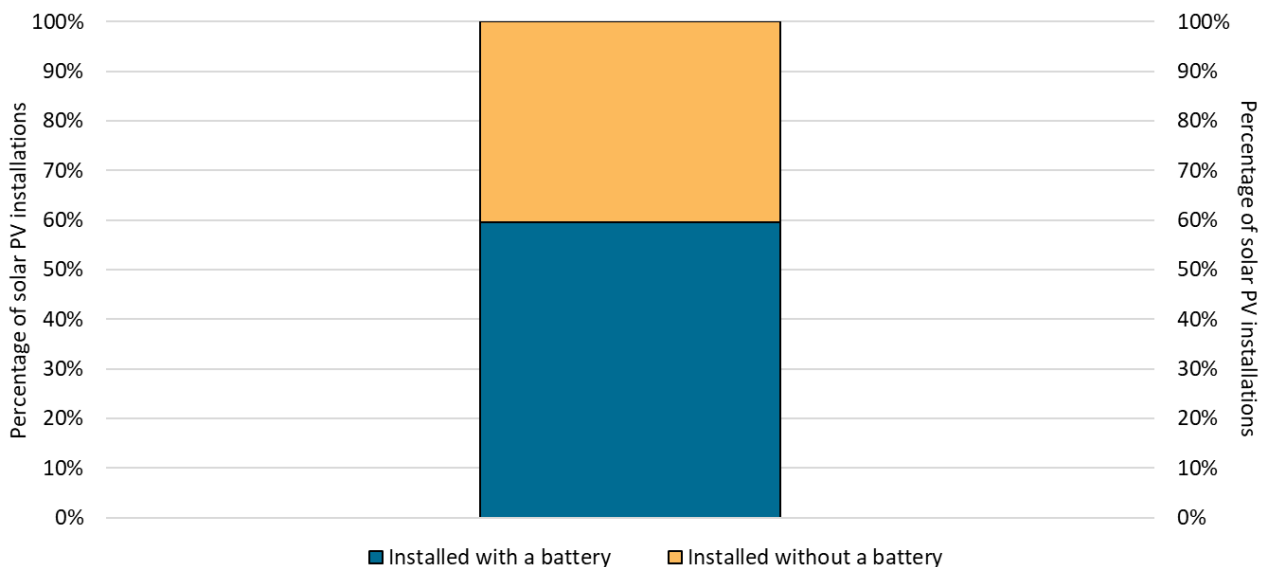


Figure 2.5 Total small-scale solar PV systems installed with and without a battery



On 5 February 2026, the Australian Government made [regulations](#) giving effect to program adjustments to ensure the discount for battery systems remains appropriate across system sizes. The changes took effect on 1 May 2026 and include:

- Adjustments to the amount of STCs generated per kWh of useable capacity to align with falling battery costs over time.
- A tiered system of support based on battery size, with the aim of maintaining around 30% discount for battery systems at each capacity. This includes a tapered STC factor, with batteries sized from 14 to 28 kWh receiving 40% fewer STCs than smaller batteries and batteries sized above 28 kWh receiving 85% fewer STCs.



In 2026, we anticipate that between 350,000 and 520,000 batteries will be installed, for a combined storage capacity of 8 GWh to 12 GWh. Due to the Cheaper Home Batteries Program still being new and the consequent limitations on data, as well as the policy changes to the program on 1 May 2026, estimating battery uptake at this stage is difficult.

We will monitor the performance of the Cheaper Home Batteries Program, including the effects of the 1 May 2026 changes, throughout the year and provide updates to our projections as needed in future QCMRs.

The success of the batteries program represents an opportunity to help transform how electricity systems operate. The total capacity of batteries installed under the program is already material. As we observed in the September quarter 2025 QCMR, 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 create increased competition and change in the retail energy market.

As the use of distributed energy resources including household solar panels and batteries grows, another key step in the transition will be in unlocking the benefits of this infrastructure for the broader grid. According to the Australian Energy Market Operator's [draft 2026 Integrated System Plan](#), having distributed energy resources bundled and coordinated through virtual power plants (VPPs) or vehicle-to-grid (V2G) charging of electric vehicles would contribute to system reliability and security, and would avoid up to \$7.2 billion being spent on additional grid-scale storage in the National Electricity Market (NEM) through to 2050.

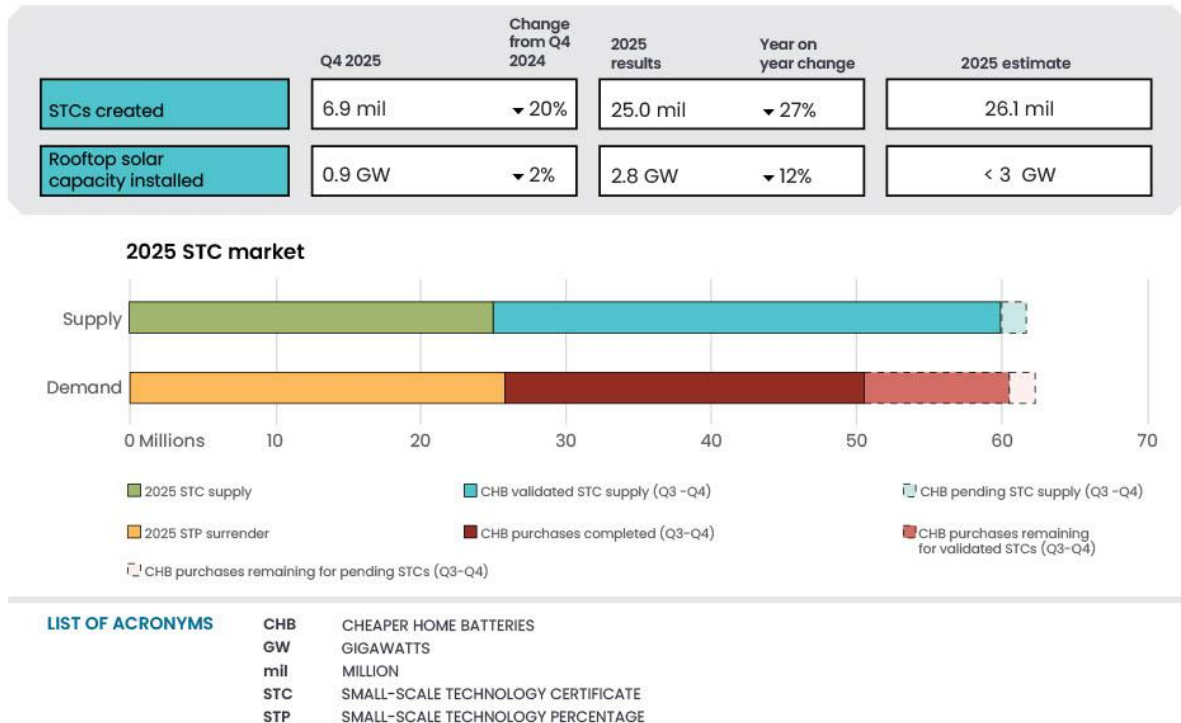
Costs associated with network enhancement and transmission could also be reduced, providing further benefits for electricity consumers. To realise the full consumer benefits of these and other distributed energy resources, a range of new technical regulatory functions, such as nationally consistent technical standards for distributed energy resource devices, will be essential. In [December 2025](#), the Energy and Climate Change Ministerial Council proposed the CER as the preferred body to take on new technical regulatory functions for distributed energy resources.



Market dynamics

Image 2.1: Q4 2025 STC market dynamics

Q4 2025 STC market dynamics

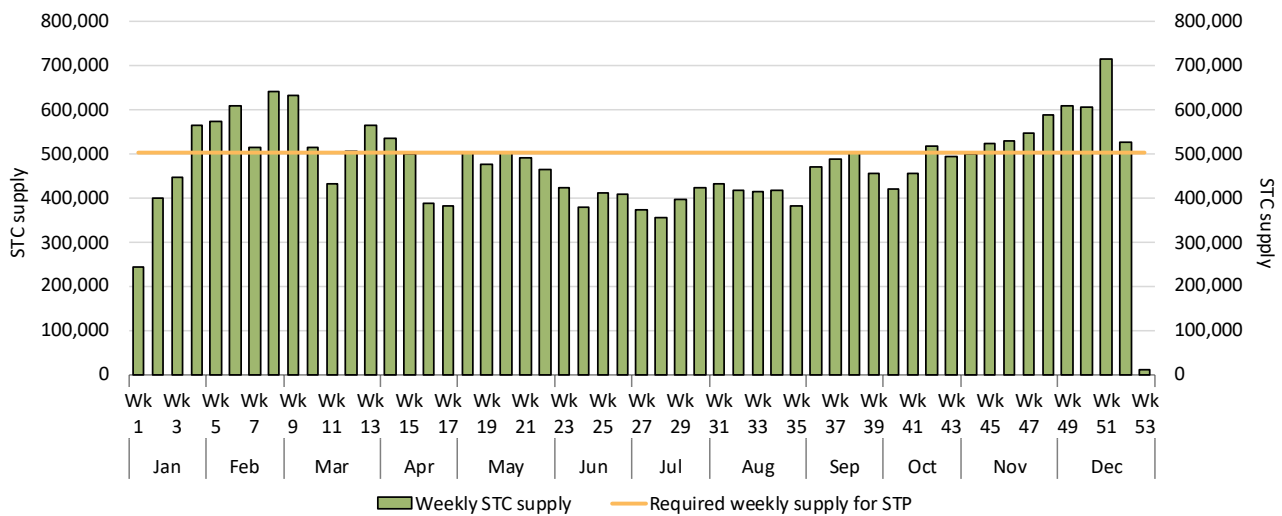


In Q4 2025, 6.9 million STCs were created, bringing the 2025 total to 25.0 million. These figures exclude STCs created as part of the Cheaper Home Batteries Program which are purchased by government rather than by entities with compliance obligations under the SRES. On average, around 472,000 STCs were created per week throughout 2025. This was 5.9% below the average of around 502,000 required to meet the compliance demand of 26.1 million set for the 2025 STP, largely attributable to installers shifting capacity to solar battery retrofits in the early months of the Cheap Home Batteries Program.

For the Q4 2025 compliance period, 4.3 million STCs were surrendered by the 16 February 2026 deadline, with no liable entities going into shortfall. This brings total STC surrenders for the 2025 compliance year to 26.0 million.



Figure 2.6: Weekly STC supply and the required supply to meet the 2025 STP

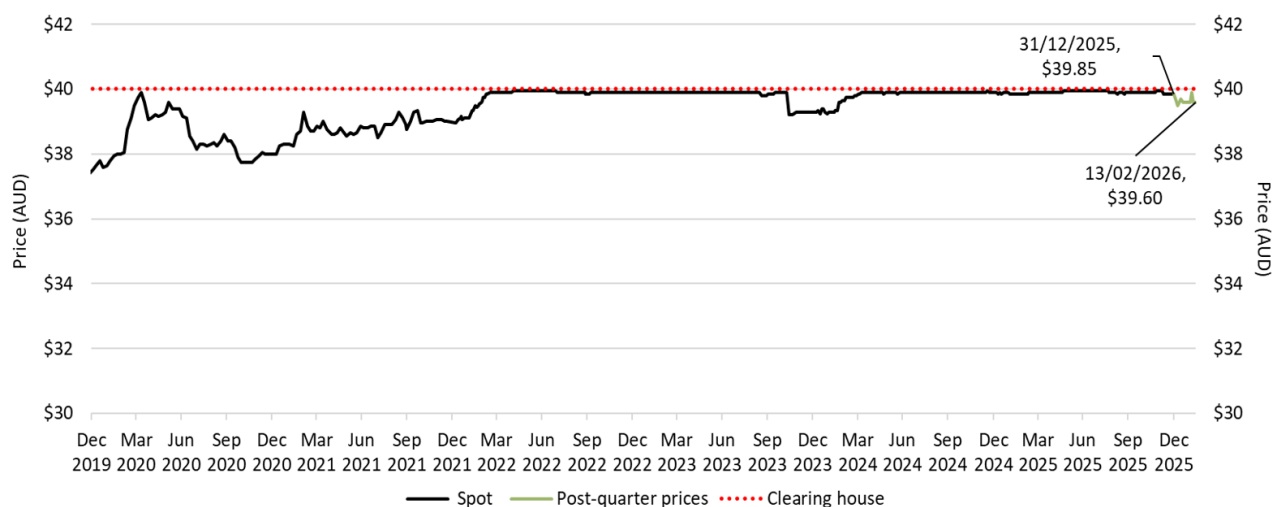


On 5 February 2026, [the STP for 2026](#) was set at 11.67%, down from 13.89% in 2025. The STP is set by the Minister for Climate Change and Energy each year and aims to set demand to match projected STC creations. That is, all certificates expected to be created in a year are required to be surrendered by liable entities, considering any over or underachievement from the previous year.

The reduction in the STP is primarily due to a downward adjustment to account for STC creations being below STC surrender requirements in 2025. Increased wholesale electricity purchases by liable entities also contributed to the declining percentage. The 2026 STP is based on an estimate of 24.1 million STC creations in 2026.

The STC spot price remained at \$39.90 for most of 2025 before edging down slightly to \$39.85 at year-end. This softening reflected movements in the STC clearing house, which spent much of the year in deficit but shifted into surplus toward the end of 2025. Purchases from the STC clearing house were 9.4 million in Q4 2025, exceeding purchases in Q4 2024 by 60%, with strong purchase activity continuing into early 2026 ahead of the 16 February 2026 deadline for Q4 2025 STC surrenders.

Figure 2.7: STC reported spot and clearing house prices



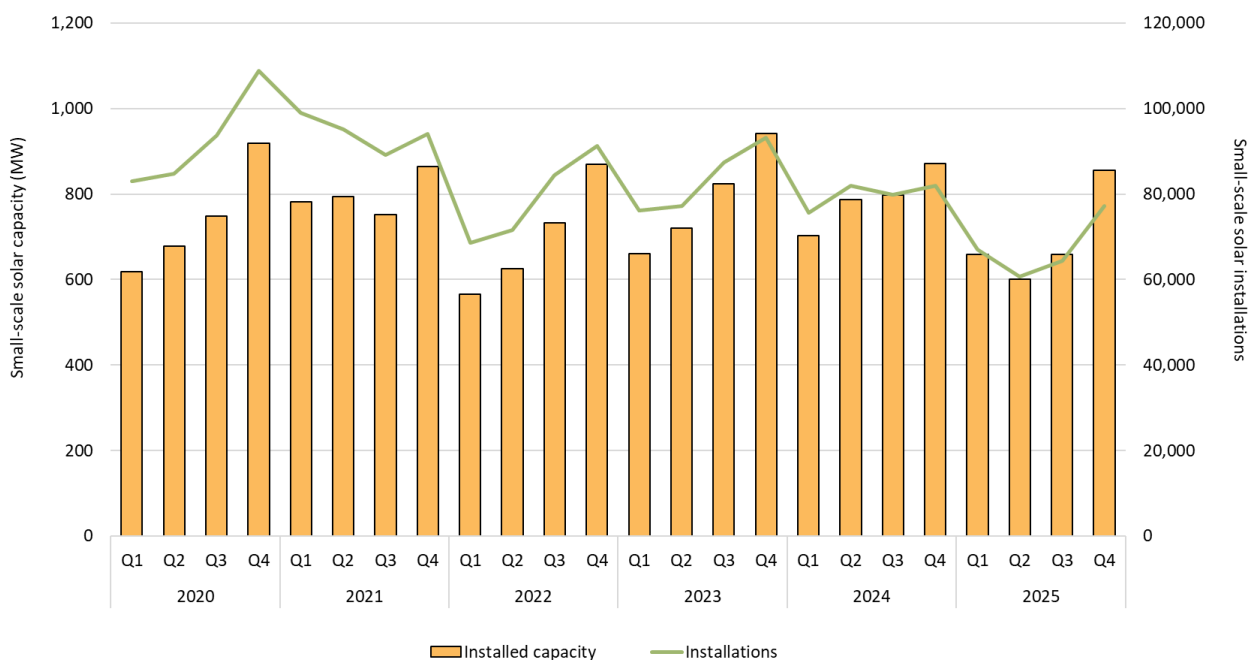


Recovery in small-scale solar in Q4 2025 with stronger 2026 expected

PV installation and total capacity in 2025 was softer than 2024, primarily driven by the success of the Cheaper Home Batteries Program. In Q4 2025, small-scale solar capacity recovered to 855 MW, bringing total capacity installed in the year to 2.8 GW. This is a reduction of 12% from 3.2 GW in 2024. The number of installations also fell 16% year-on-year; dropping from 319,000 to 269,000 systems.

Market intelligence indicates that the popularity of batteries has diverted installer resources toward retrofit battery installations and away from the installations of standalone small-scale solar systems. The strong recovery in installed capacity observed in Q4 2025 suggests that these pressures may be beginning to ease. The Cheaper Home Batteries Program is likely to incentivise greater small-scale solar uptake into 2026 as consumers look to maximise the benefit of their batteries by upgrading their existing small-scale solar systems or installing new and larger systems.

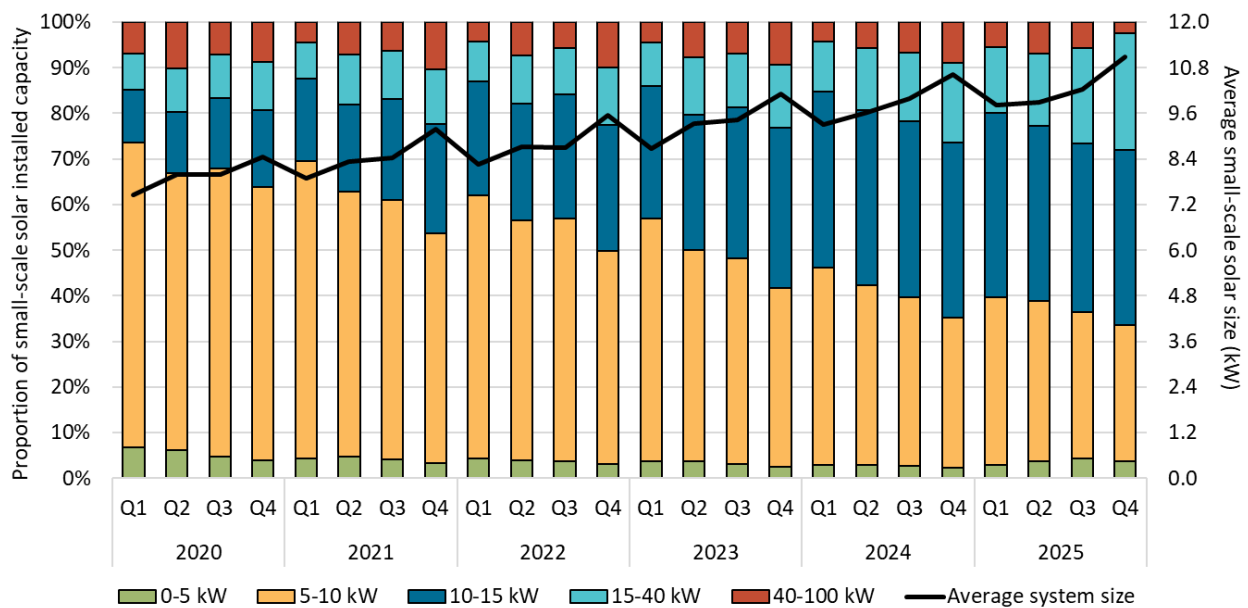
Figure 2.8: Small-scale rooftop solar installations and installed capacity (MW)



Capacity installed fell less significantly than the number of systems installed, as average system sizes continued to increase. The average small-scale solar system grew from 9.9 kW in 2024 to 10.3 kW in 2025. This increase in system size was driven by increased popularity of systems sized 15-40 kW. Systems in this range grew to 19% of installed capacity in 2025 from 14% in 2024. Systems sized 5-10 kW saw a noticeable decline in popularity, representing 33% of capacity installed in 2025, down from 38% in 2024.



Figure 2.9 Small-scale rooftop solar capacity installed by system size band and average small-scale system size (kW)



Given the recovery in small-scale solar observed in Q4 2025, and the incentives for larger systems from the Cheaper Home Batteries Program, we expect that between 3.0 and 3.7 GW of small-scale solar capacity will be installed in 2026. The 2026 STP has been set to a level consistent with 3.4 GW of capacity being installed in 2026, which would be above the current record of 3.2 GW set in 2021.

With limited data on how battery uptake may influence solar demand over time, there is a higher-than-usual level of uncertainty in our projections. We will continue to monitor consumer behaviour and installation trends closely and will update our projections in future QCMRs as more information becomes available.

A moderate year for ASHPs

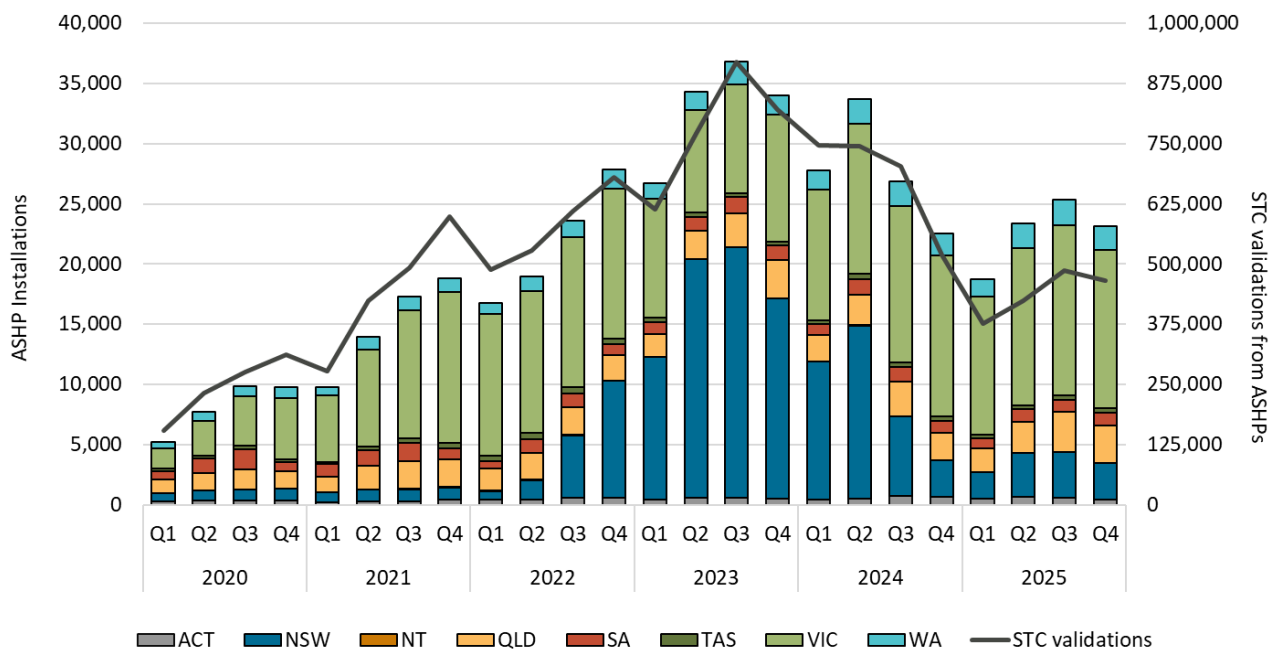
In Q4 2025, around 23,000 ASHPs were installed, bringing total installations in 2025 to around 91,000. This represents an 18% decrease in installations compared to the 111,000 installed in 2024.

The decline in ASHP installations was driven by a 64% drop in NSW in 2025 compared to 2024, from around 35,000 to around 13,000. This was driven by a change in eligibility in the state-based scheme. A significant decline in installations was also seen in SA, which fell 15% year-on-year from around 4,500 in 2024 to around 3,800 in 2025.

Victoria led the nation with an estimated 52,000 validated ASHP installations in 2025, recording a 4.4% increase compared with the 50,000 installed in 2024. The state or territory with the largest proportional increase in installations was Queensland, where installations increased 12% from around 9,900 to 11,000.



Figure 2.10: ASHP installations by state and associated STC validations





3 Achieved and projected emissions reduction

In 2025, the Australian Carbon Credit Unit (ACCU) Scheme and the Renewable Energy Target (RET) are estimated to have reduced emissions by around 83.7 million tonnes of carbon dioxide equivalent (CO₂-e).

To put the 2025 estimate in context, it is similar to Australia's total estimated emissions from road transport in the same year.

The estimate is made up of:

- 21.7 million tonnes of CO₂-e from the ACCU Scheme
- 36.9 million tonnes of CO₂-e from the Large-scale Renewable Energy Target (LRET)
- 25.2 million tonnes of CO₂-e from the Small-scale Renewable Energy Scheme (SRES).

These are conservative estimates for both the ACCU Scheme and the RET. This short chapter provides a high-level explanation of the RET results. Further information on our estimation approach is provided in the [Quarterly Carbon Markets Report \(QCMR\) Methods document](#).

Renewable Energy Target

The LRET is estimated to have contributed 36.9 million tonnes of CO₂-e emissions reduction in 2025. This is a conservative estimate, as it uses a weighted average emissions intensity of electricity for the grid as a whole.

- The calculated emissions intensity is based on financial year emissions intensities published in the [National Greenhouse Accounts Factors](#) converted to calendar year and multiplied by the amount of renewable generation in megawatt hours (MWh).
- The emissions intensity factor was estimated to be 0.63 tonnes of CO₂-e per MWh in 2025. This is higher than the emissions factor of 0.56 used in our 2024 calculations. This change is due to an improvement in the data source used rather than an increase in the emissions intensity. This emissions intensity factor will fall as the share of renewables in the grid increases.

Emissions reduction from the LRET can also be calculated using the thermal displacement method. This estimate is higher than the estimate using grid average emissions intensity as it assumes renewables are fully displacing thermal generation. Thermal generation refers to electricity generated from fossil fuels, such as coal and gas.

This approach is likely to systemically over-estimate abatement by discounting renewables displacing other renewable generation. The grid average method better recognises that 1 MWh of renewable energy does not displace 1 MWh of thermal generation. As a result, this estimate is preferred.

The SRES is estimated to have contributed 25.2 million tonnes of CO₂-e emissions reduction in 2025. This captures the potential renewable electricity generated from rooftop solar as well as the reduction in electricity consumption from the use of more efficient hot water systems.

For the first time, this estimate adjusts for some PV installations being replacements rather than new systems. Incorporating replacements into our estimates avoids over-estimating abatement from solar PV. Solar panels have a relatively long deeming period over which generation – and therefore abatement – is assumed to occur. Over that period, we estimate that around 15% of installations are replacements rather than new systems, which is lower than replacement rates seen in more recent years. The estimate of abatement from the SRES does not include abatement from solar batteries; Box 3.1 provides further discussion.



Box 3.1: Measuring abatement from batteries under the SRES

The abatement from small-scale batteries is currently not directly estimated, this is complex because of the source and timing of battery charging and discharging and lack of data available to the CER. However, batteries along with other uncaptured renewables, such as below baseline generation, are captured implicitly in the reducing emissions intensity of the grid.

Small-scale technology certificates (STCs) for small-scale batteries are calculated based on the usable capacity of the battery and are not designed as a proxy for abatement. The amount of STCs created is equal to an approximate 30% discount on the upfront installation cost in 2025.

The most direct way small-scale batteries can contribute to abatement is by shifting excess solar generation to displace thermal generation, usually at night. For example, a battery could be charged behind-the-meter using rooftop solar and discharged to the grid at night.

Alternatively, the battery could discharge to the household, displacing grid electricity use and directly avoiding emissions from thermal generation at night. This would mean less excess solar during the day and can also reduce curtailment of grid solar or wind during the day.

Projected 2026 emissions reduction

In 2026, the ACCU Scheme and the RET are estimated to reduce emissions by between 84 and 92 million tonnes of CO₂-e.

- The 84 million tonnes of CO₂-e is based on using the lower range estimated for the ACCU Scheme and RET (of 22 million and 62 million tonnes of CO₂-e respectively) and the average emissions intensity factor of the grid.
- The 92 million tonnes of CO₂-e is based on using higher range estimates for the ACCU Scheme and the RET (of 26 million and 66 million tonnes of CO₂-e respectively) and the average emissions intensity factor of the grid.

These estimates do not include projected abatement from the Renewable Electricity Guarantee of Origin Scheme, as projections of participation are highly uncertain at this early stage of implementation.

Figure 3.1: Estimated emission reduction from Clean Energy Regulator (CER) schemes, 2011 to 2026

