

# Green Energy Insights

Green Energy Markets is an established research and advisory firm focused on Australia's renewable energy and energy efficiency markets, and works alongside sister company, Green Energy Trading, Australia's leading environmental certificate aggregator.

## **STP of 11.71 per cent for 2015 – what does it mean?**

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The Clean Energy Regulator announced on Friday 27 February 2015 that the Small-scale Technology Percentage (STP) for 2015 is to be 11.71 per cent. Green Energy Trading has assessed what this means for the level of solar expected to be installed in 2015.

The STP represents the proportion of an electricity supplier's sales that it needs to surrender each year as Small-scale Technology Certificates (STCs) to meet its obligations under the Renewable Energy Target.

The STP of 11.71 per cent equates to an annual STC Target of 20,567,438 certificates. This implies that the expected level of liable electricity sales for 2015 is approximately 175,640 Giga Watt hours (GWh). This is 1.3 per cent lower than the assumed level of liable electricity sales for 2014 of 178,000 GWh.

The STC Target of 20.567 million comprises the carry-forward of 3.08 million STCs<sup>1</sup> that were surplus from previous years together with an estimated 17.488 million STCs that are expected to be registered in 2015.

The real target for STC registrations for 2015 is 17.488 million STCs which is equivalent to 336,000 STCs created each week.

### **How was the Target arrived at?**

The Clean Energy Regulator appointed two consultants, Green Energy Markets and Jacobs to develop estimates for the likely level of certificates to be registered in 2015. The consultants' reports can be found at <http://ret.cleanenergyregulator.gov.au/About-the-Schemes/About-the-small-scale-technology-percentage/The-current-STP/The-current-STP>

The 2015 target of 17.448 million STCs is approximately an average of the estimates developed by the consultants. A summary of the consultants' estimates is summarised in the table below.

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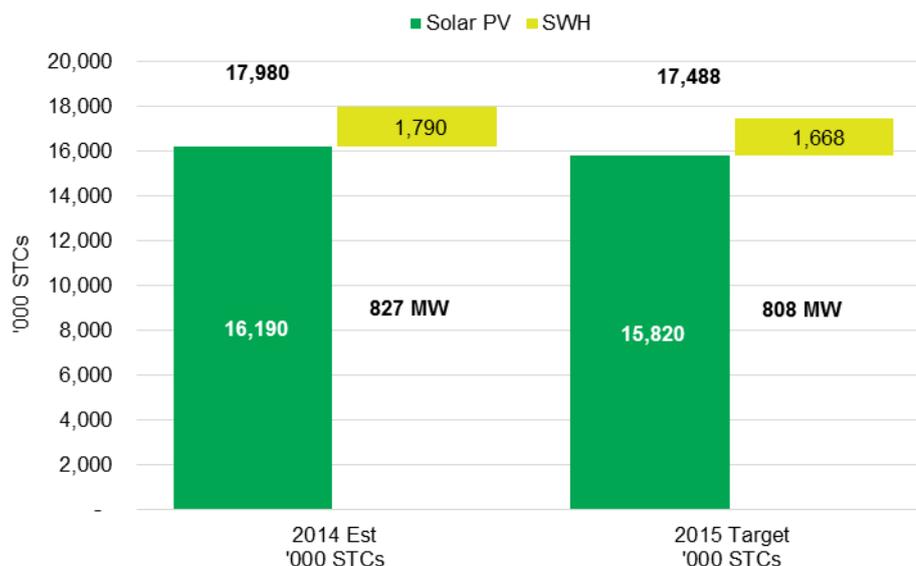
<sup>1</sup> The surplus carried forward of 3.08 million includes 0.3 million STCs that were approved but not yet registered as the creation fee had not yet been paid.

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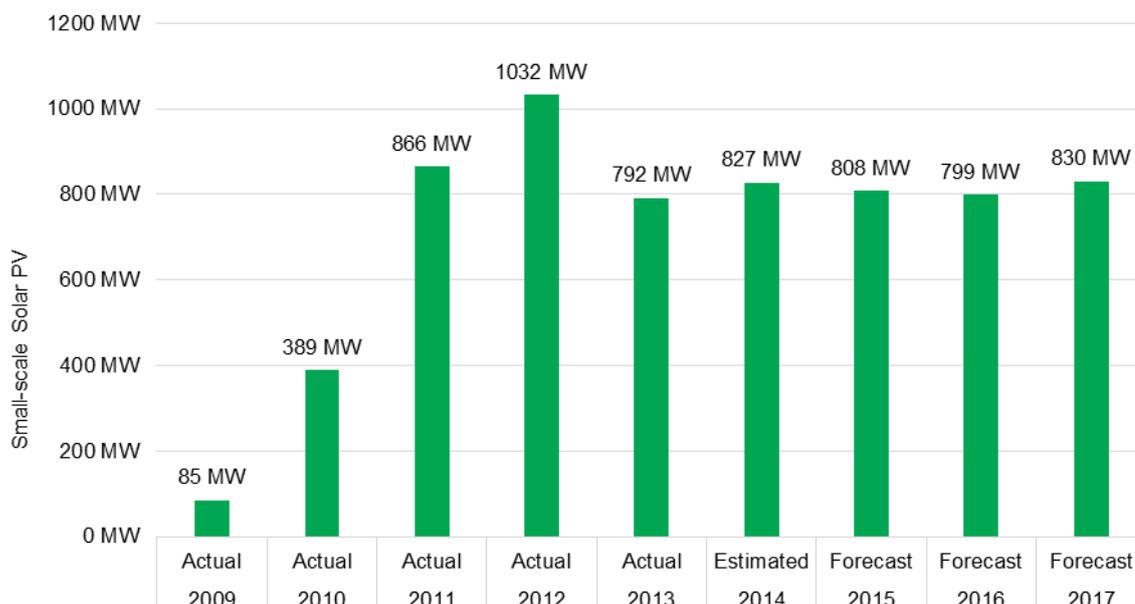
'000 STCs	Jacobs- DOGMA	Jacobs-Time Series	Green Energy Markets
Solar PV	15,301	16,088	16,083
SWH	1,597	1,574	1,853
	<b>16,898</b>	<b>17,662</b>	<b>17,936</b>

Note: Jacobs develops estimates based on two methodologies.

Using an average of the consultants' estimates for the different fuel sources, the level of solar PV to be installed in 2015 amounts to 808 MW. This is 2.3% lower than the 827 MW estimated to have been installed in 2014.



The Clean Energy Regulator has also released the non-binding targets for 2016 and 2017 amounting to 17.33 million for 2016 and 16.86 million for 2017. If we allow for similar levels of solar water heater (SWH) STCs for 2016 and 2017 as estimated for 2015 then the implicit level of solar PV installations amounts to 799 MW in 2016 and 830 MW in 2017.



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The number of years of deemed STCs reduces in 2017 from 15 years to 14 years. As a result the level of STCs falls in 2017 notwithstanding an expected increase in installed PV capacity.

Immediately following the announcement of the STP on Friday afternoon the Spot STC price increased by 10 cents to \$39.20 and closed the day at \$39.15. It would appear that the STC target was broadly in line with market expectations.