

# STC Market update

Ric Brazzale, May 2015

Solar 2015

Rewarding sustainable choices



Green Energy  
Trading

- Solar industry slowing
- STC Clearing house now a feature of the market
- Outlook for rest of 2015 and 2016
- STC issues to manage

# Who is Green Energy Trading?

- Independent REC Agent and accredited for commercial lighting and other activities in NSW & VIC
- Provide competitive pricing and payment terms
- Our difference
  - have best and fastest online system
  - finance broking for business systems



Renewables activism

[www.greenenergytrading.com.au](http://www.greenenergytrading.com.au)

[@greenenergytrad](https://twitter.com/greenenergytrad)



Green Energy  
**Markets**

[www.greenmarkets.com.au](http://www.greenmarkets.com.au)

- Research, consultancy and advisory associate (Green Energy Markets)
- Check out website for prices, research notes and other market information

# “Green Energy Online” Fastest – Paperless system



- Several years to develop
- Electronic signatures (using secure certificate – no signing required)
- Compatible with any Web enabled device
- More efficient and timely processing – passing benefit to customers through extra bonus for on-line processing

**Nick Butler:**

**03 9805 0700**

**Nick.Butler@greenenergytrading.com.au**

**Save money and time by not  
having to chase up signatures**

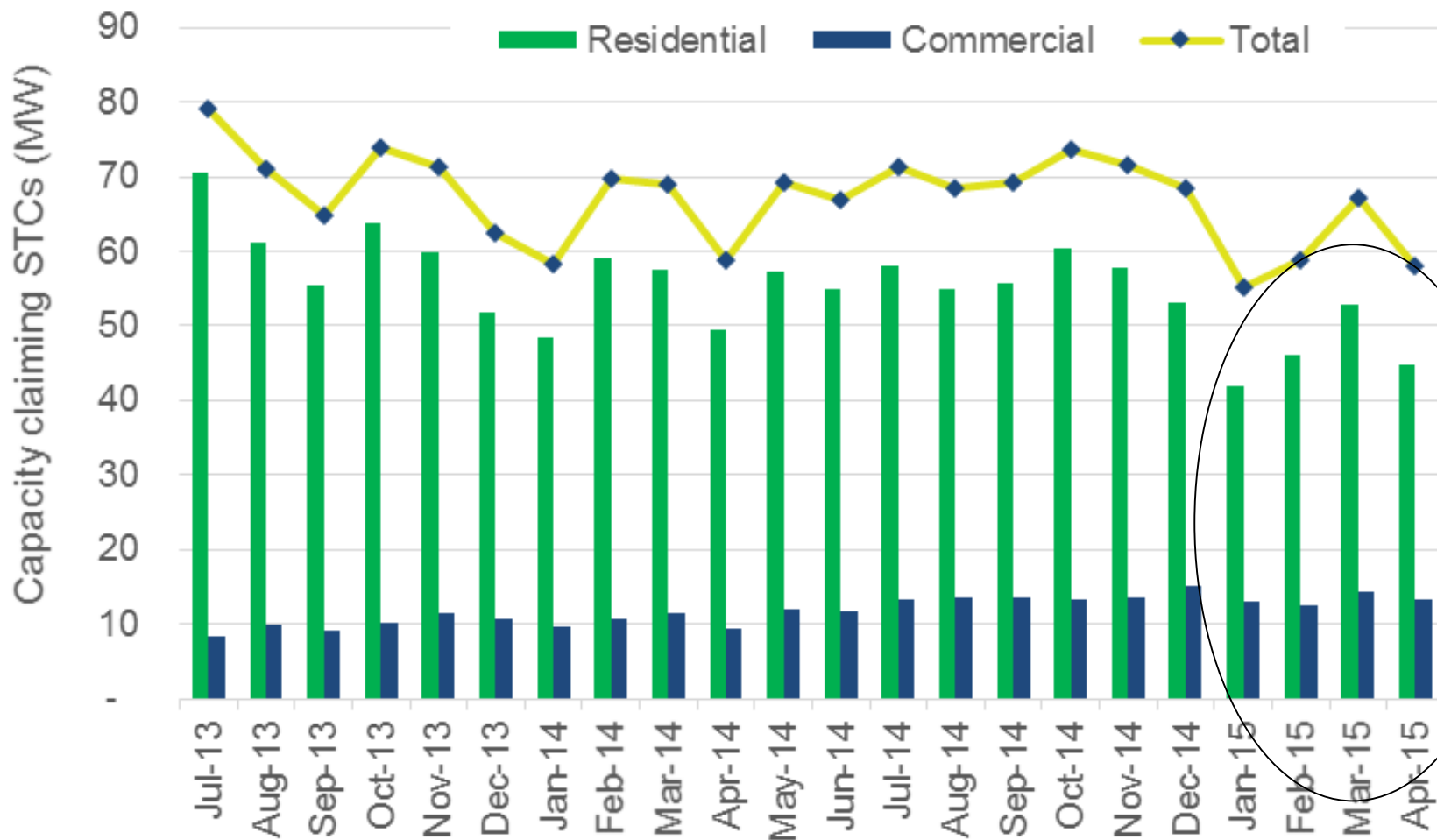
A screenshot of the Green Energy Trading PV Installation system interface. The page title is "PV Installation" with the identifier "PV-15001655 – John Citizen". The interface includes a navigation bar with "Information", "Form", "Submission checklist", and "Documents". A "Complete" status message indicates the assignment was submitted on Friday, May 23rd 2014, at 12:21 pm. The "Certificates" section shows 92 certificates with a buyback price of \$37.50 and a total value of \$3450.00. The "Agreements" section lists three signed agreements: Designer (Benjamin), Installer (Christos), and System owner (John Citizen), all accepted on May 22nd 2014. Each agreement has a "View agreement" button and a "Cancel" button.

# Solar industry slowing



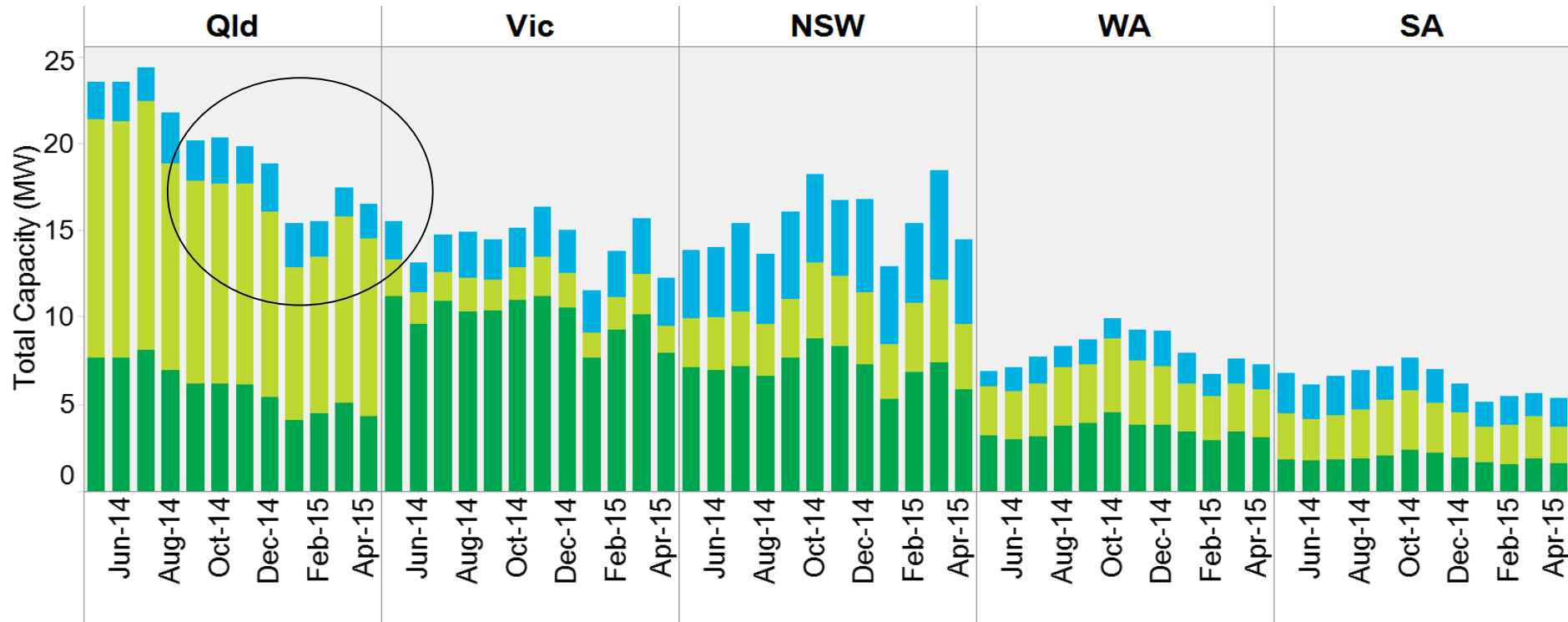
# PV market contracted 6.5%

4 mths to April 15 compared to same time last year



Residential - 13% lower  
Commercial - 30% higher

# Qld installations dropped dramatically



## System capacity

- Commercial
- 5-10kW
- <5kW

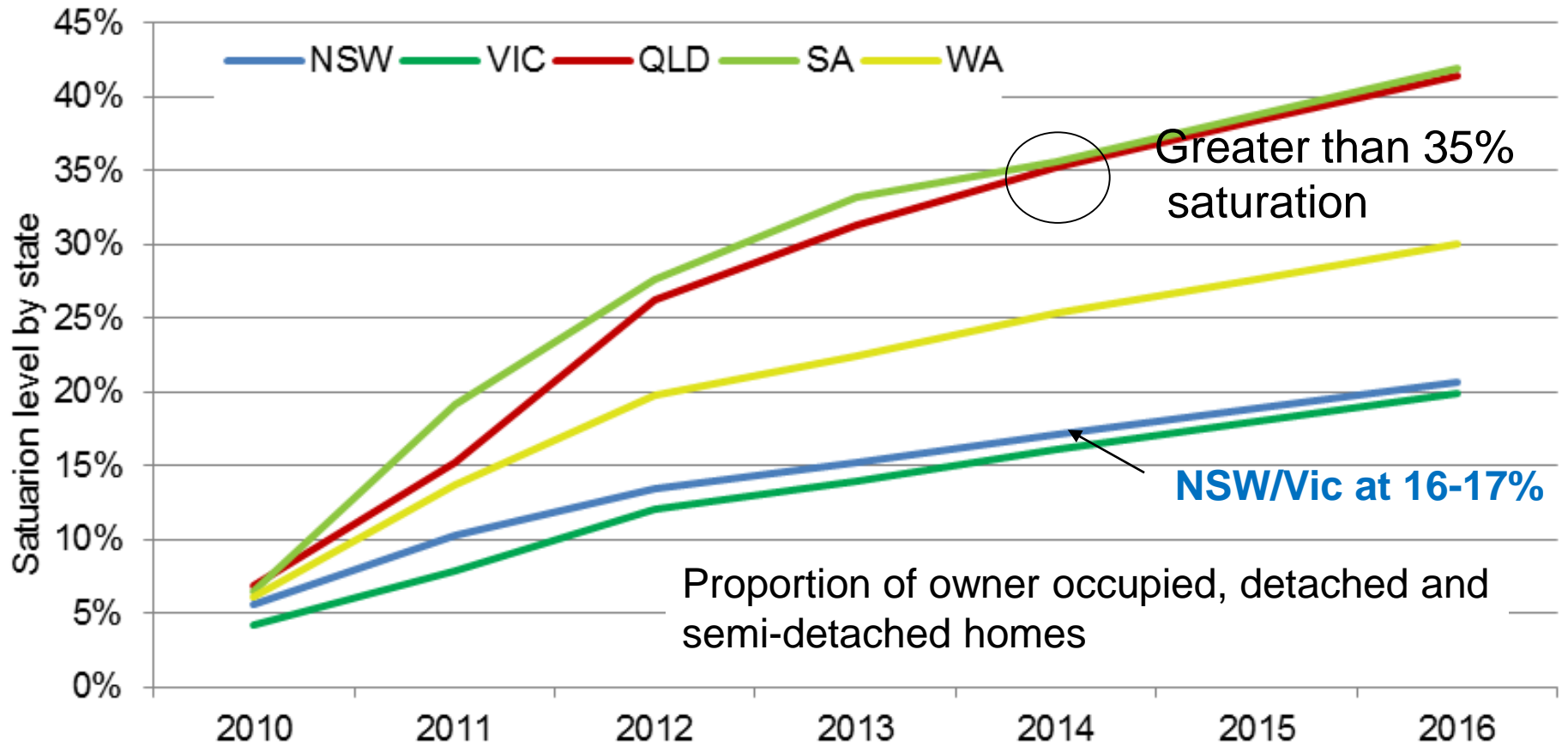
Commercial size systems are those greater than >10kW

## Australia:

2015 YTD Total: 239.2 MW - Commercial: 53.6 MW (22.4%)

# Residential systems saturation

## – high levels of saturation in Qld/SA



Source: Green Energy Markets: STC Modelling Report, Dec 2014

Number of residential installations expected to decline



- Government stated in February 2015 that it will not change SRES (commercial solar safe)
- Not having bi-partisan support for renewables more broadly reduces attractiveness for sector as a whole (small-scale solar caught up as well)
- Prospect of another review next year will mean that SRES will be reviewed too

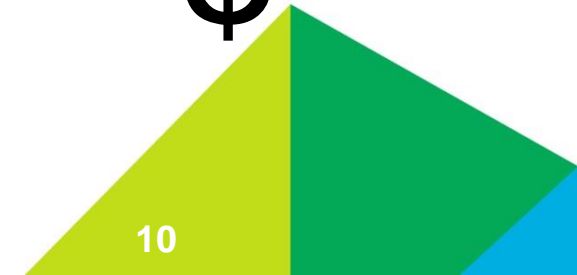
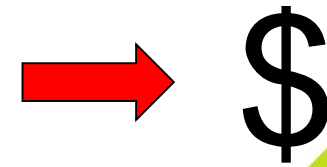
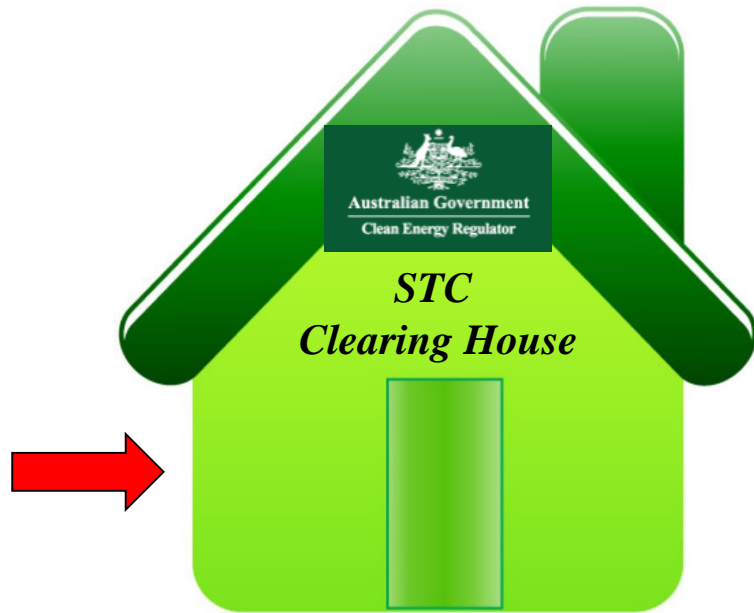
# STC Clearing House operating

## Certificate detail

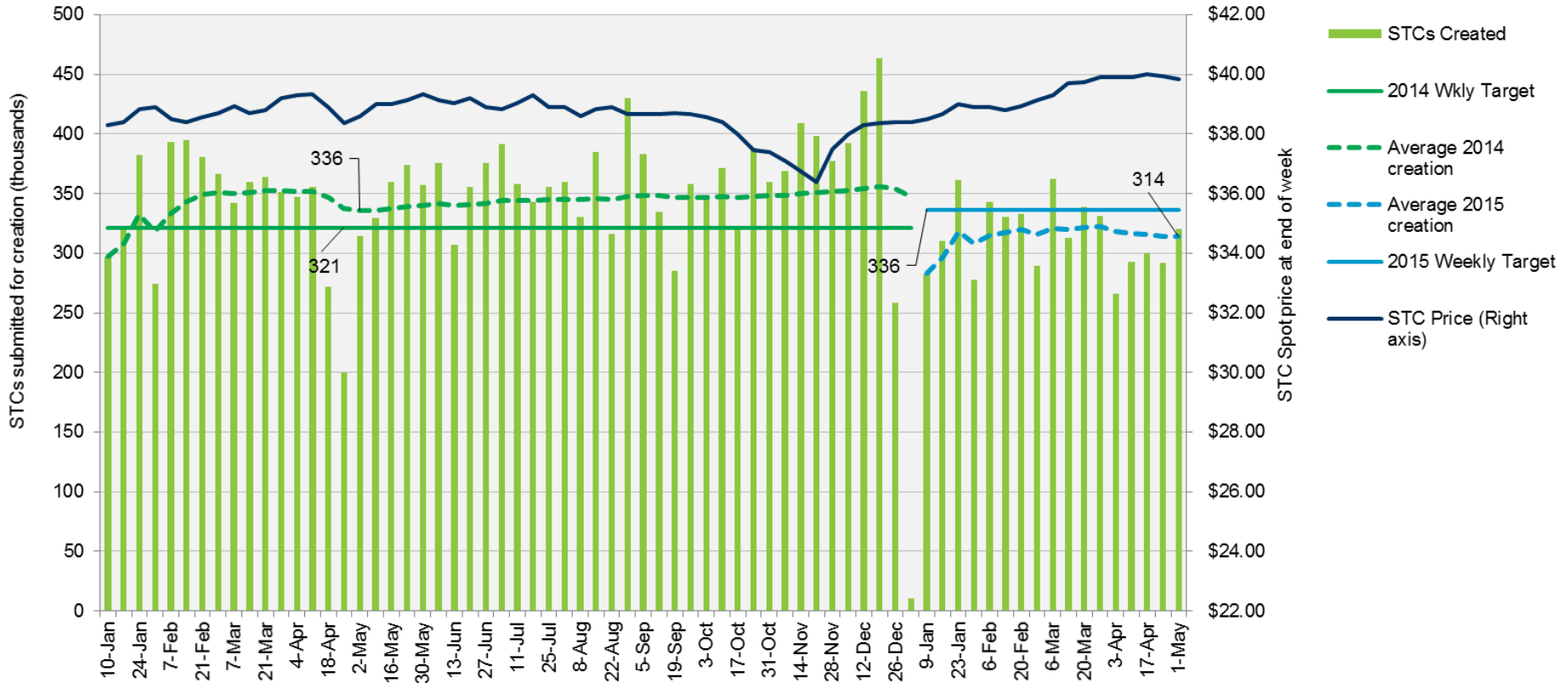
Certificate number: 000002552-SWZ241857-2015-0000001 - 000002552-SWZ241857-2015-0000028  
 Registered person ID (creator): 2552  
 Accreditation code: SWZ241857  
 Generation year: 2015  
 Creation date: 5/5/2015  
 Fuel source: S.W.H. - solar (deemed)  
 Created by: Green Energy Trading Pty Ltd  
 Current owner: The Clean Energy Regulator  
 Current status: Invalid due to STC clearing house deficit

## Transfer history

Transferred date	Seller	Buyer
8/5/2015 08:50	Green Energy Trading Pty Ltd	The Clean Energy Regulator



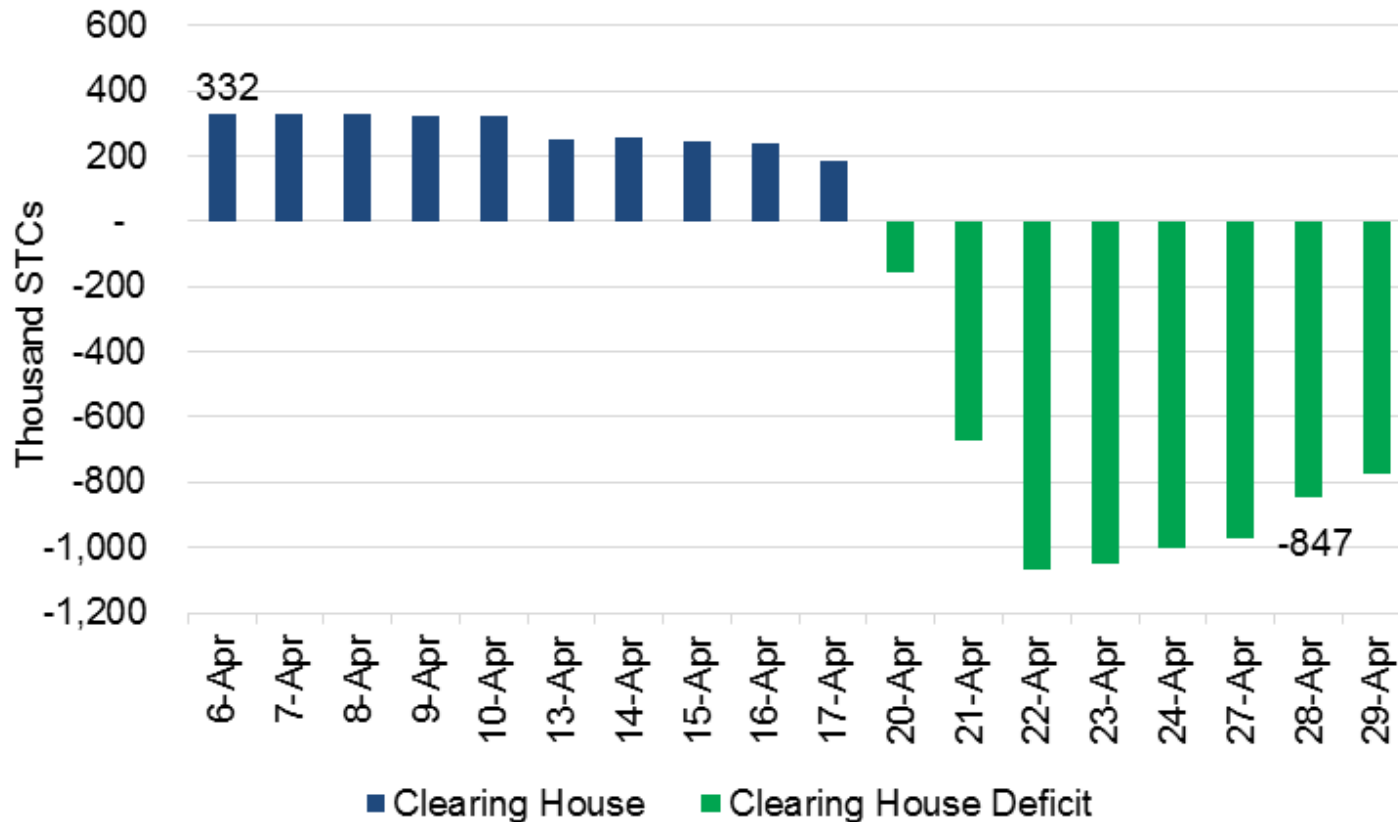
# STC creation 6.5% behind target



Spot STC price reached \$40 in April 2014  
 STC prices have been stable over last 18 months

# The Clearing House operated

- As the spot price neared \$40 CH started being used
- Clearing House emptied on 20 April
- A total of 1.14 million Regulator Created STCs issued
- 20% of Total Q1 liability sourced from Clearing House



- After 28 April surrender – Clearing House Deficit was 847,000 STCs ( 199,000 on 12 May)
- Were 1.26 million registered STCs still available in the market on 28 April (notwithstanding the CH in deficit) – Why?
  - Liable parties hold for future surrender
  - Forward contracts to deliver against
  - Take a week or so to get payment through CH
  - STC price is close to \$40 – is just as easy to use CH

# How will we go for rest of 2015?



- If current level of STC creation is maintained then we will expect that prices will stay around current levels and Clearing House will continue to be used
- Will current level of STCs be maintained?
  - Installed system cost (exchange rate)
  - Network connection and increase in fixed charges
  - Falling interest rates
  - General economic outlook / consumer confidence
  - Budget impacts (\$20k asset write-off fall small business)



- Power stations and the 100kW cut-off
- Deeming to reduce in 2017
- GST still an issue



- 100 kW is the cutoff – then must be a power station (LGCs)
- Is not a matter of first 100 kW being STCs and balance LGCs – if the intent was to install a system greater than 100 kW then cant claim STCs
  - Regulator will aggregate capacity of systems at nearby sites where beneficial interests the same – if nearby sites are owned by the same business (group) then will be deemed to be a single system.

- Have seen slow start to Solar PV market in 2015
- Small-scale market seems to be stabilising at around 800 MW per annum
- RET Review outcome more positive – but need resolution
- Industry cannot take political and community support for granted
- Expect that Clearing House will be a continuing feature of the market

# Thank you

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Presented by:  
Ric Brazzale BComm, MBA  
Managing Director

T 1300 077 784 or 03 9805 0700  
[ric.brazzale@greenenergytrading.com.au](mailto:ric.brazzale@greenenergytrading.com.au)  
[greenenergytrading.com.au](http://greenenergytrading.com.au)

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