



## Transcript: Quarterly Carbon Market Report – March quarter 2021

Good morning everyone. Welcome to our Quarterly Carbon Market webinar for March quarter 2021. My name is Shakir Rahman, I'm from the economic analysis unit at the Clean Energy Regulator. The economic analysis unit is the area that's responsible for producing the Quarterly Carbon Market Report. Today we are talking about our March quarter report. We will take you through some of the highlights we've seen for the ACCU or Australian carbon credit unit market and also renewable energy certificate markets.

Before I get started, there's a few housekeeping rules. Just a disclaimer that the information we're providing today is for general information only. The Clean Energy Regulator is not a financial adviser. Also just reminding you that there is a chat function available to you, so please post your questions throughout the webinar. It is a solo act today and it will be just me talking. Apologies for that. My colleague Aidan Coulahan-Davy will be moderating the chat function and will be taking your questions and answering them throughout the webinar. I encourage you to post your questions.

We are switching it up a little bit today. If you have previously joined our webinars you would have seen that we do each section and then take questions. First the ACCU market segment, take questions and then the LGC section, take questions and so on and so forth. Today we'll do the full presentation and we'll take your questions at the end. Again, Aidan will be there answering your questions, so please post your questions throughout the webinar.

Alright, let's get started. I would like to start the presentation by acknowledging the traditional owners of the many lands we're gathering on today and pay my respects to their elders past, present and emerging. In Canberra where we are broadcasting this webinar from, it is the land of the Ngunnawal and Ngambri people, and I pay my respect to them and also extend my respect to any Aboriginal or Torres Strait Islander people who may be joining us today.

I'd also like to acknowledge the passing of our inaugural Chair, Chloe Monroe. Chloe was the Chair of the Clean Energy Regulator from 2012 to 2017 and during her time she built a strong foundation on which the regulator stands today. We owe her a great debt of gratitude and our thoughts and prayers are with her loved ones.

So in following tradition with our past webinars we'll start with the ACCU market. ACCU again is the Australian carbon credit units which are issued under the Emissions Reduction Fund. The big story in this quarter in the ACCU market was that we had a pretty strong start. We'll look into the supply and demand side in a minute, but that gives us confidence that we are on track to reach a supply of 17 million ACCUs in 2021, which will be an increase from last year when we had 16 million.

Let's have a look at supply and demand. The graph on the screen shows ACCU supply and demand broken down into quarters and also the balance in ANREU account holdings at the end of each quarter. The green lines are supply and the brown lines show demand, and obviously that line graph is showing the balance at the end of each quarter.

In 2021 quarter one we had 3.1 billion ACCUs in supply. That is actually a reduction from quarter one 2020. But this is following a record quarter in quarter 4 2020. There's just this artefact of the supply coming through the applications being processed. We did have 2.5 million ACCUs sitting under assessment at the end of the quarter, so that gives us confidence that we're still solidly on track to reach 17 million ACCUs in 2021.

So that is the supply story. Looking at demand now, that was similar to the supply. Reaching around 3.2 million in quarter one. Most of that coming from year of deliveries at 2.9 million. We had voluntary demand at 175,000 and safeguard at 88,000. Now the safeguard component is relatively small, however we put out some projections for safeguard and we think it will significantly increase in the next two years coming from safeguard multi monitoring entities and that is expected to increase from 1.1 to 1.2 million. So it's significant increase there.

Now, given the supply and demand balance were pretty evenly matched, the end of quarter balance remained stable from end of quarter 4 to end of quarter one this year. What that means is that the 7.8 million ACCUs being held, it's important to note that not all of that ACCUs will be available to the secondary market because some of that is possibly being held for future demands, either for safeguard or voluntary surrenders or cancellations. Going back to the safeguard story, that 1.1 to 1.2 million that we expect to be surrendered against safeguard that could come from that 7.8 million that's already being held in accounts. That is just something important to remember.

Now, moving on to the projects registered over the quarter and that is an indication of obviously future supply of ACCUs in the market. We saw 44 projects registered in quarter one, which is the largest quarter one registration under the scheme in record. That is that is double the number of projects that was registered, more than double the number of projects that were registered in quarter one 2020 when we saw 20 projects registered. Now these 44 projects that are registered in this quarter are collectively estimated to deliver up to 13 million tons of abatement over their lifetime.

Now as the graph shows the big chunk of those 44 projects are coming from the soil carbon method, so that's the light bluish green colour that's shown in the graph. And if you see registrations through 2020, the soil carbon sector is going through a growth period and we expect that to continue. The government in this recent budget also announced funding to improve and protect Australia's soil. Funding of \$233.6 million was allocated for this and we expect some of that to flow through into project development under the soil carbon method.

Also interesting in the quarter in terms of project registration, we saw the first project registered under the facilities method since 2018. This was a project by Orica Australia which aims to reduce emissions intensity of their operation at the Kooragang Island facility. This brings total number of projects under facility method to 3.

The reason I'm bringing this up is because we're seeing that with increasing ACCU price, which I'll touch on later, there are new methods that are coming into play which is showing a growth in project portfolio moving forward. And we expect that to be a trend as well in future.

The other big thing obviously within the ACCU space, while technically not in the quarter, but the ERF Auction 12 took place on 12th and 13th of April. It was a pretty good auction. It contracted 6.8 million tons of carbon abatement through 10 contracts and 10 projects. A few interesting things happening with the ERF auction. As the graph shows the volume contracted was pretty similar to what we contracted at Auction 11, but the number of contracts reduced from 33 to 10 this auction. The average price paid per ton of abatement also increased slightly from \$15.74 at Auction 11 moving to \$15.99 at Auction 12.

As you can see, there was obviously very clear preference for optional delivery contract, with all but one contract going for the optional delivery option, and also representing pretty much all of the volume - 6.6 out of that 6.8 million coming under optional contract. For those of you who are you were unaware of optional contracts, it gives the sellers the security of being able to deliver abatement to the Commonwealth at the contracted price, but also give them the flexibility to choose to sell some or all of their ACCUs elsewhere if they find that financially more beneficial for them to do so. What that means is that because of that added flexibility for this optional contract, we see sellers are willing to accept a lower price for the for the optional contract option. And that is exactly what we saw happen in Auction 12 as well. The price paid for optional contract, average price paid was \$15.97. The price for the one fixed contract that came through was \$17. There's a price gap there because of the added flexibility for optional contracts. The other interesting thing was that in this auction, the project I mentioned by Orica under the facilities method that secured a contract and it was the biggest contract in this auction. It secured 3.4 million tons of abatement that will be delivering through this contract.

Now moving on to looking at when those contracted volume are expected it to come through. This graph is showing the Commonwealth delivery schedules for the current portfolio of contracts and projects. The dark green here shows what's already been delivered, and the blue green is showing what is scheduled to be delivered. Also, we have added in the in orange colour there, the newly contracted volume from Auction 12. As this graph shows, in 2021 we're expecting about 12 million to be delivered. Now contract holders do have the option to deliver early against their contract milestone pledges and we see that happen a fair bit, so that 12.1 million will likely increase as the year progresses. However, as the schedule stands now, we expect to see a peak in 2022, reaching around 18.4 million. The volume that was contracted through the Auction 12, we're seeing most of them have, as the current schedule shows, are expected to come in the latter part of the decade, 95% of that volume is scheduled to be delivered in 2024 and beyond.

Moving onto the ACCU market, the secondary market and how that has fared over the quarter. That is really another interesting story that has developed over this quarter. We saw the secondary market activity reaching record level with around 1.6 million ACCUs being transacted through 97 transactions. To put that in perspective, it's an increase of 62% in transaction number and 66% in volume transacted compared to quarter one 2020.

So why did we see such large market activity? We think it's a combination of a few demand sources coming through in the quarter. Firstly, there was safeguard surrender which I mentioned earlier and that usually is realized in quarter one of the year. Also, there was increased demand from private and state and territory government sectors who are voluntarily surrendering ACCUs so they are going to secondary market buying ACCUs and that also resulted in increased activity.

What that has also resulted in is an increase in the ACCU spot price. The graph I have here shows how ACCU spot prices increased over the quarter. It's starting from \$16.50 at the start of the quarter and ending at \$18, sorry \$18.50, at the end of the quarter. That is a record level in ACCU spot as well, and we have seen that increasing after the quarter as well, I think it's sitting at \$19.30 at the moment, which is again the highest we've ever seen. And that really just shows a lot of new players coming into the market and the market being active.

We also saw again, not necessarily in the quarter, but in April we saw a forward trade taking place, and this was for 15,000 ACCUs at \$18.74 delivery in February 2022. As the market matures we expect more of these forward trades to come through.

The final thing I wanted to mention is the parcel size of the trades during the quarter also increased, averaging around 20,000 which is twice as much, with twice the size of the parcel size that was trading in 2020. So, market is maturing, lots of activity, and obviously we're seeing an increase in spot price as well.

Right, so that's the end of our ACCU market segment, we'll move onto the LGC market now. I see some of the questions coming through. Please continue to put through your questions. We'll tackle them as we go. I'll also respond to them at the end of the presentation. Aidan will respond as we go, and I'll tackle them at the end of the presentation as well.

Right so the LGC market. The big story here with the LGC market I'd like to start with is the big announcement and that's that the Large-scale Renewable Energy Target of 33,000 gigawatt hours of additional generation was met at the end of January 2021. If you remember in 2019 we said we had enough capacity to meet the target. We've now seen that generation come through. So eligible generation from 1st of February 2020 to 31st January 2021, so for the 12 month period reached an estimated 33,100 gigawatt hours. That is exceeding the target, that is an enormous feat by the renewable industry and the electricity sector as well, considering only in 2015 eligible generation was sitting at 15,200 gigawatt hours. In only 5 years we've seen the generation more than doubling. That is a really enormous feat. That's a job well done for everyone involved. If you're interested in in the RET target there's more information on the pathway to achieving the target, which is now available in our 2020 RET Annual Statement which was tabled in Parliament earlier in the month and is available on our website as well.

So now that the target has been met, it is important to note that the RET doesn't stop. It will continue until 2030. It will continue to accredit power stations and issue LGCs, large scale generation certificates, so that will continue to 2030. What I would like to discuss though is how the market dynamics will shift moving forward. Now we have done a piece on the history of the RET if you're interested since the LRET was set in 2015. It very nicely steps out what the big demand drivers and the supply drivers where from 2015 to 2020. I'm not going to go into much detail about that, but I again encourage you to go and have a read if you're interested. But to summarize, the main driver of demand during that period was the legislated demand under the LRET which was set to increase every year since it was set in 2015 but will now remain stable at the 33,000 gigawatt hour mark, at that level. Now while that demand component remains static, we do anticipate other sources of demand to become more pronounced and the two demand sources that are going to be more material moving forward is the shortfall charge refund demand from that, and also the voluntary demand of LGCs.

Now shortfall charge refund, if you were unaware, under the renewable energy targets under the RET, liable entities they have to surrender eligible energy certificates, LGCs and STCs, in proportion to the electricity they acquire in a year. However, there is a provision where the liable entities can surrender less certificates than their required amount for a particular year, and if they do that then they go into shortfall. And that is allowed. And if that shortfall amount in a year is 10% or more of the liability, then they are required to pay a shortfall charge, which is \$65 per certificate. And what they can do then is in the future they can procure LGCs, surrender them to us and they can recoup that \$65. So that is the provision that's allowed under the RET.

Now what is the scale of that demand coming from LGC shortfall? This graph here shows annually the LGC statutory demand and the portion of that demand that has gone into shortfall or taken up as a shortfall. As you can see from 2018, there's a significant volume that has gone into shortfall, and over the 2018 to 2020 period that volume has accumulated to 16 million LGCs. What that means is that there's a 16 million LGC demand just sitting there, and that will come through in the next few years. And we think that will happen because there is a strong financial incentive for liable entities to do so. So simple arithmetic, if we look at the LGC price today, well not today but by the end of quarter it was sitting at \$33 at 31 March 2021. If a liable entity is buying certificates at \$31 and surrendering them to us, will get \$65 back, which means you get a net return of \$32 per certificate. That's oversimplifying it, but you get the idea of the level of financial incentive that exists for liable entities to recoup that shortfall demand. Given that the current market condition where forward prices are continuing to track the below spot prices, meaning future LGC prices are likely to be below the current spot price, that means there is a strong incentive for liable entities to keep exercising

these shortfall provision. We expect that entities seeking shortfall charge refund will remain a material demand for LGCs over the next few years.

Now interesting to understand here though, is that this is not necessarily an additional demand, it is just shifting the demand that was always there, moving it into future years. What is additional demand, however, is the voluntary component and we are seeing that is becoming quite significant in recent years. Just to put some numbers around the voluntary component, growth from quarter one 2021 compared to quarter one 2020 was 33% increase. In 2020 we had 4,000,000 LGCs voluntarily surrendered, which was 5 times as many as that surrendered in 2019. That's a massive growth there. Initiatives like the Guarantee of Origin for hydrogen discussion paper which has just recently been released by the department and also the Corporate Emission Reduction Transparency report that the Clean Energy Regulator is working on, those sorts of initiatives we think will assert the growth of the growing voluntary market. We expect that the voluntary component will keep the demand high in the next few years.

Right, so that's just framing up on a broad stroke what the market will look like in future but coming back to the core ideas of the Quarterly Carbon Market Report, let's have a look at how the market has fared in the quarter. LGCs validated in quarter one 2021 totalled 9.2 million, which was a 24% increase compared to what we saw in quarter one 2020. These increases in 2021, it's coming from few different, well there's a few different reasons for this increase. Firstly, there was the accredited power stations, the portion that have been accredited are ramping up to full generation capacity, meaning there's more generation coming through. Also, we saw a reduction in the number of curtailment events across the national electricity market, which means there's more hours the power stations are spending generating, so more LGCs are coming through as a result of that.

Moving forward, we do think the market will remain strong, the LGC supply market remains strong. One indication of that is the end of the quarter, the Australian Energy Market Operator, AEMO, released their final marginal loss factors for 20211 to 22 financial year. Our assessment of that says that the overall impact of change will be quite minimal. Less than half a percent of generation reduction coming from that, so expect the supply to remain strong over the next little while. Our estimate for 2021 LGC supply is between 37 and 40 million.

Looking at project accreditation now, again, that is indication of future supply of LGCs. Now this quarter was comparatively small compared to what we have seen in previous quarters, so we had 39 power stations accredited for a cumulative capacity of 165 megawatts. Now the reason for these, there's a couple of reasons. Firstly, there were several large power stations that we were anticipating to come in this quarter which were actually accredited earlier. They went into quarter 4 2020. Some of those capacity actually come through earlier, which meant this quarter was much smaller. But then we also had 118 power station application sitting under assessment with a combined capacity of 1,875 megawatts. So that gives us confidence that we will still get a very decent volume of capacity in 2021. Our current estimate is between 2 and 2.5 gigawatt of large scale capacity will be accredited in 2021, so it's similar level to what we saw last year.

Another good lead indicator for future supply and also power stations being accredited is obviously the capacity that's being committed. Capacity committed means capacity of the projects that have reached financial close and that gives us good confidence that those projects will come through our pipeline and eventually will be accredited and start generating.

Now the volume of the capacity of projects that reached financial close during the quarter was also quite low. But this is not a sign that investment is stalling, and the reason we think that is because we are seeing that the capacity committed is becoming more irregular. If you have a look at quarter 2 2020, we had very low volume of capacity committed there, but then for quarter 3 and quarter 4 it increased again. What we're seeing is it's becoming more inconsistent in how it's coming through.

There's a couple of reasons why there is that irregularity there. Firstly, we think that capacity committed is being, there are commercial decisions that are being made under those projects coming through and the financing is highly sensitive to many factors and that differs from project to project, but also seeing very large gigawatt scale projects coming through our pipeline and by the nature of the size of these projects, it takes a long time for them to settle their financing. So that means we think we will continue to see the commercial, sorry the committed project pipeline will be becoming more irregular or lumpy, is the word we have used, moving forward.

The other important thing to note, though, that the pipeline of projects for probable projects, which is projects backed by power purchase agreement, which is the step before the committed projects that we are tracking at 3.7 gigawatts at the end of the quarter, which is the highest level of projects under probable category that we've ever tracked in our pipeline. That also gives us confidence that there are a lot of projects that will come through and reach financial close in near future. Backed by that and what we are seeing in our pipeline, we think between 2 and 3 gigawatt of capacity can still reach financial close in 2021. So that again will be in similar level that we saw last year.

Moving onto the LGC spot price. Spot price decreased as expected from \$40 at the end of quarter 4 2020, reaching \$33.25 at the end of quarter one. So that's a 17% decrease over the quarter. Interestingly, though, the forward prices for LGCs continued to steadily increase. So, for example, the future market for LGC for Cal23, that increased from \$9.60 at the end of quarter one, to \$18 at the end of quarter one 2021.

Now, why that's increasing? We think it's because the market is starting to understand that there is going to be demand for the LGCs moving forward. This is obviously as I mentioned, there is demand coming from shortfall charge refund and also the voluntary component is growing significantly, so that is giving the market some confidence that there will be demand there and that is keeping a positive price pressure on the future price of LGCs.

Right, so that's our LGC market segment. I can see a lot of questions coming through, so thank you very much for that and Aidan is responding to some of those. Please continue to post your questions and we will respond to those at the end of the presentation.

Jumping into the STC market now. The big story here is that the capacity installed in this quarter continues the growth story that we've seen recently in this market. Solar PV installation, the capacity of that reached around 792 megawatts in quarter one, which is a 28% increase compared to quarter one 2020. The number of installations grew by 22% from 101,000 last year and also the average small scale solar PV system size grew from 7.5 in quarter one 2020 to 7.8 kilowatt in this quarter. As combination of those so you know more installations coming through and higher system size means there's more generation capacity so that that means it's more STC coming into the market.

Now you will see a dip from quarter 4 in the graph, you will see a dip from quarter 4 to quarter one and that is a seasonal trend we see and there is again a combination of a number of factors. Firstly, the STC deeming period declining each year from 1 January. So that incentivizes consumers to bring forward their purchasing decisions. You know if you are a homeowner looking to put solar power on your home you're likely to do it in December. When you get more, it's financially beneficial for you because you get more of a discount through the STCs in December compared to January because of the declining deeming period. But also, there is usually less working days in January, because of school holidays and the Christmas shutdown period, and that also contributes to less installation in January compared to December. And that really contributes to that dip from quarter 4 to quarter one.

But overall, it was a very strong start in the STC market and industries installations sector. Installed capacity for small scale solar for this year, for 2021 is tracking between 3.5 and 4 gigawatts at the moment. The graph on the screen now is showing annual installation capacity and as you can see it's obviously going on

increasing trajectory there and it will continue to increase. We think it will continue increasing in near future. Households rooftop solar has been growing on average 39% year on year since 2017. So household capacity systems, meaning systems less than 15 kilowatt is how we classify it. So that's a massive growth segment there. What this means, while that is a very positive story, what this means is it is becoming a bit of a concern for the grid. What we are seeing now happening is various rule changes coming through looking to support the stability of the grid and also allowing for more efficient integration of those rooftop solar PV systems and other distributed energy resources as well. The Australian Energy Market Commission (AMC) they're working on various rule changes, including minimum technical standards for rooftop solar PV and also pricing reforms, they're looking into all those reforms to help support that growth, but also making sure that the grid can sustain that level of injection from the distributed energy sources.

What all that means is that there is a large volume of STCs coming through in the market. So in the quarter, the 2021 STP was set at 28.88%. So that means the liable entities cumulatively will have to surrender 50.6 million STCs. That equates to roughly around 972 thousand STCs per week going by the with recreation in quarter 1, we're tracking well above that, we're tracking at around 989 thousand STCs created per week, so we will have enough STCs in the market to meet our quarterly demand under the STP. Quarter one surrender already happened at the end of, on 20th April and at the end of that we had a surplus of 7.2 million STCs in the market, and we think that surplus will continue to grow with each quarterly surrender. And that is really based on the current creation rate, but we'll continue to monitor that closely and we will report on that if anything changes.

Finally, the STC spot price even though there large surplus in the market, the price remains strong. The price fluctuated between \$38 and \$39.30 during the quarter, ending at \$38.85 at the end of the quarter. And given the large surplus in the market, we do not expect the clearing house to be used in near future either.

OK, so that's the end of the STC market segment. Now the really interesting stuff is the voluntary market, which again, if you've been listening to our webinars and reading our report, you know it has gone through significant growth in the last few quarters, last few years, and we see that continuing in quarter one. The total demand for LGCs and ACCUs was 532,000 in this quarter and that is the highest quarter one surrender on record, increasing by 39% from quarter one 2020. Breaking it down, LGCs ended with 35,000, which was a 33% increase compared to last quarter one 2020. What's driving that volume is really the corporate and businesses who are surrendering LGCs to demonstrate their use of renewable energy as they progress towards their set renewable energy targets.

The ACT government, which surrendered nearly 2.3 million LGCs last year is expected to do that again this year. So that means we expect the LGC surrender volume would remain high. With current level, we expect this surrender total around 5 million in 2021. Looking at the voluntary surrenders or voluntary cancellation of ACCUs, we had 174,000 cancelled in quarter one, which is again a 52% increase from quarter one 2020 and this surrender is being driven by Climate Active participants, which increased by 67% this quarter compared to quarter one 2020 again. We also saw a large number of new entities entering the voluntary cancellation space and ACCUs, and the air transport sector dominated this quarter as well, it's just an interesting tidbit there.

Now, with a strong quarter for ACCUs, which typically is the lowest quarterly cancellation in the year, which sees least quarterly cancellation in the year, we expect the voluntary, private and state and federal government demand for ACCUs to remain strong and the current estimate is one million ACCUs that will be voluntarily cancelled in 2021.

The final bit we're talking about is the emissions reduction coming from our schemes. Ending on a positive note, if you have seen our webinar or read our report, you would be familiar with this graph here. This graph shows the number of emissions reductions, the volume of emissions reduction coming from our schemes.

In 2020 we had, it was 53 million tons in 2021. We're estimating about 57 million tons, so increase of 7% there. Now we do consider these to be a conservative estimate, as this calculation method is using the average emission intensity of the grid, which we know is falling rapidly. What we're looking into is an alternative estimate methodology which will be looking at the weighted average emission intensity of the thermal generation that is being displaced by the additional renewable energy. And preliminary analysis shows that if you were to calculate the emissions reduction that way, it could be as high as 75 million tons. That is really giving you the scale and scope of the emissions reduction that is coming from the schemes that we administer.

All right. I think that is really it for the presentation. I see that there's been a lot of questions that have come through. We'll jump in and have a look at these questions now. Alright, so the first question I have is from anonymous. Are there any plans to review and improve the additionality requirements?

Thank you for that question. It's a good question. There have been some changes made to the additionality requirements, so just to put some context around it, there is additionality requirements in the ERF, where if a project is required to be run under a state government law for example, or regulation for example, that project is not allowed to run under the ERF, so that has gone through some changes recently where we are saying that a project could run even if it's required under the state regulation. But it has to be in excess of what the state is required so it could perform under both schemes. The excess volume of ACCUs or the abatement that that will come from that project could then be used to generate ACCUs, if you will. Some work has already been done. I am not aware of any other big changes that are on the cards at the moment, but we will definitely keep you up to date on that if anything is happening in that space.

The other question I have is on the funding available to ERF, another question from anonymous asking what funds have government committed to the ERF to cover future ACCU purchases given the current funding allocation is almost spent? Again, a very good question. Thank you for that.

There is obviously the ERF. We had a specific volume of funding available under that. We did have the CSF, the Climate Solutions Fund as well, which was \$2 billion. Now not all of that will be available for the auction funding, so that's been worked through, but some of that will be used under the ERF to contract future projects or future contracts. If there is that funding available there and that will sustain the ERF bucket for the time being.

Alright, so the next question again from anonymous is why is such a large increase in the non-voluntary demand for ACCUs expected in coming years?

So, the non-voluntary demand is really made up of the year of contract deliveries, and also I suppose the safeguard component. The ERF deliveries will come through as they've been contracted and the safeguard is coming through because of the generation that's well, their emissions that's happening beyond the allowable baseline for each facility. Facilities have to surrender ACCUs to show that they account for the excess emissions that's coming from them beyond that safeguard level. So, as I mentioned, we expect that to grow to 1.1 or 1.2 million. We'll see that coming through and that is just the nature of the activity that's happening at the facility level. I hope that answers that question.

Moving on to the next one. At what point will safeguard baselines be reduced to ensure true carbon reductions by the largest polluters in increased compliance market demand for ACCUs?

So very interesting questions, good questions. Thank you for that. I don't really have any information on that at the moment, we'll take that on notice. Please reach out to us and we'll chat to you about that. But again, the safeguard is in the King Review. Obviously, there is a recommendation of creating below baseline, creating mechanism under safeguard, which will be tackled at some point, so that's one pathway that could

be addressed. But I suppose in terms of reducing the emissions coming from facilities, a lot of technological challenges that exist there and that are being explored as well.

Right, so the next question. Is there a time limit on claiming LGC for shortfall, which Aidan has already gone and responded. So yes it is, it is generally a two year window as Aidan mentioned in the chat function there, for LGCs to be recovered after the shortfall. Again, there's more information on the website available on that as well.

Another question on LGCs from accredited power stations. Is the rate of new LGC accredited power stations slowing due to increased complexity and duration of network and other market performance standards?

Absolutely yes. Thank you for that question. It definitely is a reason why we see that is happening. The level of impact is hard to quantify just yet, but we will closely monitor that as I said, you know it is the accreditation comes from the financial close step. So, projects have to reach financial close before they come in and get off the ground and get accredited. So, we're seeing for some projects it's taking longer to get through that financial close process. So, the projects have to just work through to see how they can overcome those barriers before they can be accredited under the RET.

The next question is looking at was the pipeline of LGC projects beyond quarter one 2021 nearing financial close? There's a strong pipeline of projects which we showed in our pipeline of projects for financial close that are expected to reach financial close soon, so that gives an indication of where we could be. As I mentioned, we'll expect around 2 to 3 gigawatts of projects to reach financial close in this year. Hopefully that gives an indication but again, if we're not answering your question, please reach out and we can discuss that in more detail.

Alright, I think we're running overtime. I've seen Aidan has been responding to fair few questions, so if we haven't got to your question please reach out and we will be more than happy to talk to you and respond to your questions. You can reach us at [markets@cleanenergyregulator.gov.au](mailto:markets@cleanenergyregulator.gov.au). Very interested to hear from you and discuss some of these market dynamics. This is what we do at the economics analysis section and very interested to talk through with you with anything that may interest you. Again, apologies if we haven't got to your question today, but happy to take those later on.

Before I let you all go, I did want to mention that we'll be sending through a link for a survey. We're looking to figure out if the Quarterly Carbon Market Report is meeting your expectations and looking to see if we can make any improvements to the report as well. We have created a little survey for you and would really appreciate if you respond to those. The link to the survey will be sent to you from Eventbrite sometime today hopefully. Please check your junk email as well in case it goes there. I really appreciate if you can respond to the survey and provide your feedback through that. Wanting to know if we're meeting your data and also market analysis requirements through our quarterly report.

Alright, so thanks again for everyone for dialling in and joining us today with the Quality Carbon Market Report webinar. I hope you found it useful. We are already working on our next quarterly report and hoping to publish by mid to late August and we will run another webinar obviously after the publication of that report, so I hope to catch you all then. Thank you very much for listening.