



# Media Release

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## ASX launches Environmental Futures contracts to support liquidity and scale across Australian and New Zealand carbon and renewable energy markets

ASX today listed three Environmental Futures contracts, marking the next maturity phase for carbon and renewable energy markets in Australia and New Zealand. These new contracts allow participants to price and hedge emissions reduction risk amid the transition to a lower carbon economy.

The contracts represent the first carbon futures contracts to launch in Australia and New Zealand. To support growth in these new markets, ASX has introduced a temporary fee waiver on all Environmental Futures transactions. The fee waiver is intended to help build liquidity by encouraging early engagement from a diverse range of market participants.

The three futures contracts are available for trading today on the ASX 24 Market and include physically delivered Large Generation Certificate (LGC) Futures, Australian Carbon Credit Unit (ACCU) Futures and New Zealand Unit (NZU) Futures. All contracts intend to provide a liquid, transparent, forward pricing curve on an annual basis out to five years.

ASX's Environmental Futures will allow registered participants to make or take delivery of underlying Certificates or Units at settlement which can then be surrendered to the government to offset emissions or meet compliance obligations. Contracts are standardised, with each equalling 1,000 underlying LGCs, ACCUs or NZUs.

ASX designed its suite of Environmental Futures to meet growing demand from customers for access to liquid and transparent carbon and renewables trading markets. There has been substantial interest in the products from a broad and diverse customer base extending from the energy sector through to carbon project developers, compliance entities, financial institutions, trade houses and corporates.

**Daniel Sinclair, ASX Head of Commodities,** said: "As Australia moves from a voluntary to compliance-led carbon market in step with other global jurisdictions, derivatives markets can play an essential role. The transition to clean energy, by definition, is uncertain, and ASX-hosted Environmental Futures will be a key instrument in managing risk and supporting the net zero targets of organisations and policymakers."

Australia's carbon market is poised for its next stage of development and is set to be one of the world's largest producers of carbon credits over coming years. Recent data from the Clean Energy Regulator shows that around half of all ACCUs now sit in the registry accounts of safeguard or safeguard related entities alone. This is volume that could benefit from moving onto the exchange.

ASX's Environmental Futures are part of a broader ecosystem of current and planned futures and options contracts across electricity, gas and environmental markets.

“Building from our core electricity products and driven by strong market demand, ASX intends to develop a diversified and integrated transitional product ecosystem that helps our customers to price and manage the risk and uncertainty of the energy transition.” Mr Sinclair said.

Environmental Futures can open up access to new market participants, attracted by liquidity, enhanced price discovery and reduced credit risk through central clearing. The futures will provide a standardised price around which liquidity can concentrate. This is particularly important in supporting the OTC ACCU market where certain methods and co benefits are valued differently.

“A liquid and transparent Environmental Futures market will give organisations greater visibility and confidence to support ongoing investment in renewable energy and carbon abatement projects. This will ultimately help mobilise capital towards meeting longer-term emissions targets.” Mr Sinclair added.

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