

China's green electricity certificates: An end to oversupply?

China's green electricity certificate (GEC) market has grown rapidly in recent years, while structural market changes are tightening the supply-demand balance and could support prices. Argus takes a closer look at the main drivers for the GEC market in the years ahead.

China's GEC market has expanded rapidly since becoming the sole mechanism for accounting of renewable power consumption in early 2025. Transactions totalled 582TWh in the second half of 2025 — double the level in the same period a year earlier.

The GEC market is undergoing structural transition, prompting renewed questions over whether long-standing oversupply is coming to an end. Once used largely as voluntary proof of renewable power consumption, GECs have had an increasingly important role over the past two years, underpinned by tighter regulatory signals, expanding renewable power trading activity and growing international compliance pressure on Chinese manufacturing companies. As a result, GECs are now integrated in corporate emissions management and reporting disclosures, export-oriented supply chain carbon accounting and renewable power compliance strategies. This transition is reshaping GEC market fundamentals, as a growing share of certificates is absorbed through bundled renewable power supply agreements or locked into compliance applications, reducing availability in the unbundled market. This combination of constrained availability and rising compliance demand has supported prices and interest in higher-quality certificates.

Mixed market signals

GEC prices fell in March 2026, following an increase in issuances, with Argus assessing 2026 wind and solar GECs at 7.40 yuan/MWh (\$1.08/MWh) at the beginning of April, down from Yn8.80/MWh at the start of 2026. Many market participants expect prices to rise this year, especially for 2026 certificates, given that China has imposed an annual matching requirement on liable compliance entities from this year. But some expect prices to decline, given that 2025 was the last year in China's previous five-year planning cycle and came with stronger enforcement. The National Development and Reform Commission (NDRC) is expected to finalise renewable power consumption quotas for liable entities in the middle of this year, which will further clarify expected minimum GEC demand for the year.

Annual vintage spreads remain tight, with GECs generated in 2026 holding an average premium of Yn2/MWh to 2025 certificates in March 2026, in from around Yn4.20/MWh in September 2025. Some market participants expect wind and solar certificates to stay at a premium of around Yn2/MWh to biomass and hydropower because of the former's perceived stronger environmental credentials.

Matched up

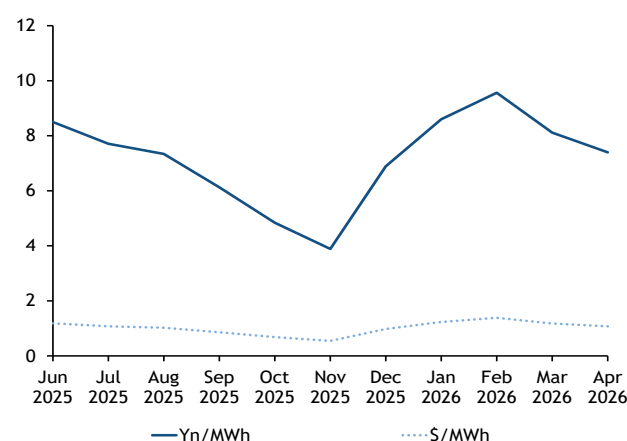
China introduced annual matching requirements for GECs used in domestic renewable power consumption mandates in early 2026. Companies could previously retire older certificates, given that GECs are valid for two years from issuance, and companies historically front-loaded purchases during periods of policy uncertainty or low prices.

But the use of GECs under voluntary corporate reporting is not subject to these rules, deepening market fragmentation. Companies reporting within the RE100 corporate renewable energy initiative can continue to use GECs generated six months before each reporting year.

Compliance and voluntary divergence

The inter-provincial nature of China's electricity market is causing an additional layer of divergence in GEC demand.

Chinese wind/solar current-year GEC prices



Chinese GEC specification price drivers

Specification	Detail
Generation period	Month, quarter, year (vintage)
Technology	Wind, solar, hydropower, biomass
Channelled/non-channelled	Electricity transmitted between provinces or not
Subsidised/unsubsidised	Generation asset receiving government subsidies or not

“Channelled” GECs are tagged to renewable power that is transmitted between provinces under local government procurement frameworks. As provincial governments may have already accounted for these GECs in their power accounting frameworks, companies with renewable power consumption obligations avoid using channelled GECs in their reporting to minimise the risk of double-counting. This consideration is relevant as liable entities’ GEC retirements are assessed at a provincial level, and contribute to local governments achieving their renewable power consumption targets. For the same reason, compliance entities typically buy non-channelled GECs issued from electricity generated and consumed within other provinces — akin to how carbon allowances are traded across subnational jurisdictions covered under cap-and-trade schemes.

But companies buying GECs for voluntary purposes can use channelled certificates, including for use in corporate reporting initiatives. Channelled GECs have typically traded at a Yn1/MWh discount to non-channelled certificates. GECs are also differentiated on whether they come from a subsidised generating asset or not. Both types are generally

usable for compliance and voluntary purposes, although availability of subsidised certificates is typically low.

Bundled up

China has been introducing market-based mechanisms to its power sector this decade, with a growing number of renewable power generators signing power purchase agreements (PPAs) with large industrial consumers, where GECs and electricity are bundled together. A rise in PPA procurement effectively means fewer unbundled GECs available for other consumers. The introduction of the EU carbon border adjustment mechanism (CBAM) this year could further incentivise the acquisition of bundled power and GECs, as hourly matched renewable power consumption can reduce CBAM liability for EU importers of goods that fall under the mechanism. Many PPAs are concluded with a duration of 2-5 years, suggesting the tighter supply in the unbundled market is structural rather than temporary.

Argus GEC price benchmarks

Argus publishes independent weekly price assessments for Chinese wind and solar GECs for previous and current-year vintages. Argus applies a strict and consistent methodology to price assessments based on activity — trades, bids and offers — in the over-the-counter market. Prices are expressed as a bid, offer and midpoint and reflect fair market value at the time of assessment. Argus price benchmarks can be used across a range of functions, including trade negotiation, mark-to-market, risk management and indexation in offtake agreements.

Argus Global Energy Certificates

This insight paper contains data and analysis from our Argus Global Energy Certificates service. Our team of experts produce:

- Electricity energy attribute certificate benchmark prices
- Biomethane energy attribute certificate benchmark prices
- Market commentaries, news and analysis
- Market fundamentals datasets

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