

EU Emissions Trading Scheme (ETS) – Consultation on design and organisation of emissions allowance auctions

This document contains the responses for the survey. The survey contains **4** initial questions (A-D) to identify respondents and **86** questions for which responses will be made public. Contact details provided in Question C, are not made public and therefore are not in this document.

Period of consultation

From 3 June 2009 to 3 August 2009 inclusive

Specific privacy statement

"Received contributions, together with the identity of the contributor, will be published on the Internet, unless the contributor objects to publication of his or her personal data on the grounds that such publication would harm his or her legitimate interests. In such cases the contribution may be published in an anonymous form. Otherwise, the contribution will not be published nor will, in principle, its content be taken into account. Responses for questions deemed confidential in the consultation will not be available for view on the website irrespective of contributor objecting or not."

Thank you

***Note:** Zero's on the right hand side of page reflect Non-Applicable questions in the survey response.*

Section 1: Questions to categorize participants

Question A

Name of Company/Organization: ECX

Principal nature of activities: Exchange

Number of employees in 2008:

World-wide: 6

Europe-wide: 6

Turnover in 2008:

World-wide: 2045387

Europe-wide: 2045387

Question B

Type of respondent:

Regulated market

Carbon and other energy products

-
-

Question C

Contact details will not be made public.

Question D

Do you object to publication of your personal data because it would harm your legitimate interests?

No

If so, please provide an explanation of the legitimate interests that you think will be harmed:

Ans:

Are any of your responses confidential?

No

If so, please indicate which ones and provide an explanation:

Ans:

Section 2: Survey questions (86)

Question 1

As a general rule throughout the trading period, in your opinion, are early auctions necessary?

Yes

If so, what should the profile of EUA auctions be?

Ans: Other? Please specify :

ECX does not have a specific view on this matter and would refer to the view of utilities/EURELECTRIC

Question 2

Do you think there is a need to auction futures?

Yes

If so, why?

Ans: To accommodate utilities hedging need

To fit in with existing products and portfolios

To reduce cash cost (in a high interest rate market and/or in poor credit conditions it is even more important to be able to use capital most efficiently)

Question 3

What share of allowances should be auctioned spot and what share should be auctioned as futures for each year?

	SPOT	FUTURES
Year n	25	75
Year n-1	0	100
Year n-2	0	100

Please provide evidence to support your case.

Ans:

NB: The answer to this question will be published as part of the public consultation. Please do not submit confidential information as part of your answer to this question.

Question 4

Should the common maturity date used in futures auctions be in December (so the maturity date would be December in year n, both when auctioning in year n-2 as when auctioning in year n-1)?

Yes

If not, please suggest alternative maturity dates and provide evidence to support your view.

Ans:

Question 5

For spot auctions:

What should be the optimum frequency of auctions?

Ans: Weekly

0

What should be the minimum frequency of auctions?

Ans: Monthly

0

What should be the maximum frequency of auctions?

Ans: Other.

Please Specify: daily

Please provide arguments to support your case.

Ans: Maximum: daily

Question 6

For spot auctions, what should be the:

If deemed appropriate, please indicate a range and/or distribution over different sizes.

Optimum auction size?

Ans: 10

in Mt

Minimum auction size?

Ans: 5

Maximum auction size?

Ans: 15

Please provide evidence to support your case.

Ans:

Question 7

For futures auctions:

What should be the optimum frequency of auctions?

Ans: Weekly

0

What should be the minimum frequency of auctions?

Ans: Monthly

0

What should be the maximum frequency of auctions?

Ans: Other.

Please Specify: daily

Please provide arguments to support your case.

Ans:

Question 8

For futures auctions, what should be the:

If deemed appropriate, please indicate a range and/or distribution over different sizes.

Optimum auction size?

Ans: 25

Minimum auction size?

Ans: 10

Maximum auction size?

Ans: 50

Please provide evidence to support your case.

Ans: Given the higher volumes traded in the futures market compared to spot, we believe the market will be able to absorb higher volumes in a futures auction than in spot auctions.

Question 9

Should volumes of spot allowances be auctioned evenly throughout the year?

Yes

If not, how should volumes be distributed? (more than one answer possible) Please specify:

- A larger proportion in the first 4 months of the year
- A larger proportion in December
- A smaller proportion in July and August
- Other.

Question 10

In case futures are auctioned, should the volumes for spot and futures auctions be spread over the year in the same manner?

Yes

If not, how should they differ? (more than one answer possible)

- No futures auctions less than six months before the maturity date.
- A larger proportion in December.
- A smaller proportion in July and August.
- Otherwise?

Question 11

Does the Regulation need to have provisions to avoid holding auctions during a short period of time before the surrendering date (30 April each year)?

No

If yes, how long should this period be:

Ans: No Response

In case futures are auctioned, should there be similar provisions with respect to the period immediately prior to the maturity date?

No

If yes, how long should this period be:

Ans: No Response

Question 12

Which dates should be avoided?

Please specify the dates you have in mind in your answers.

- Public holidays common in most Member States?

Ans: 2009:

01 Jan (New Years Day)
10 April (Good Friday)
13 April (Easter Monday)
25 May (UK/US summer holiday)
25 December (Xmas day)

Other days to keep an eye on, where activity will be limited (ECX is open on these days but the volumes are always very low)

- 01 May (Labour Day/ May Day CET)
- 04 May (May Day UK)
- 31 August (UK late summer holiday)

In addition, it would be sensible to avoid auctions the week around Xmas and New Years.

- Days where important relevant economic data is released?

Ans:

- Days where emissions data are released?

Ans:

- Other?

Ans:

Question 13

Is a harmonised 10-12 hrs CET auction slot desirable?

Yes

If not, what alternative(s) would you suggest?

Ans:

Question 14

How long in advance should each element of the calendar be determined?

Please provide arguments to support your case.

Annual volumes to be auctioned:

1 year in advance

Ans:

Distribution of annual volumes over spot and futures (if applicable):

1 year in advance

Ans:

Dates of individual auctions:

1 year in advance

Ans:

Volume and product type for individual auctions:

1 year in advance

Ans:

Each auctioneer carrying out auction process (if more than one):

1 year in advance

Ans: Even less than 1 year advance notice would be sufficient for many of these issues.

Question 15

What should be the volume of allowances to be auctioned in 2011 and 2012?

in 2011: 40% of the 2013 volume and 40% of the 2014 volume

in 2012: 40% of the 2013 volume and 40% of the 2014 volume

Please provide evidence to support your case.

Ans:

What percentage of these shares should be auctioned as futures?

in 2011: 100% of the 2013 share and 100% of the 2014 share
in 2012: 100% of the 2013 share and 100% of the 2014 share

Please provide evidence to support your case.

Ans: 100% of the 40% should be futures because you don't need your 2013/2014 EUAs already in 2011, i.e. it would be more efficient capital management to lock this volume in a futures position and take delivery when you actually need the EUAs for compliance 30 April of the relevant year.

Question 16

What should be the rule with respect to allowances not auctioned due to force majeure?

Ans: They should automatically be added to the next auction on the calendar, irrespective of the auction process.

0

Question 17

Is 1,000 allowances the most appropriate lot size?

Yes

If not, why not?

Ans:

Question 18

Is a single-round sealed-bid auction the most appropriate auction format for auctioning EU allowances?

Yes

If not, please comment on your alternative proposal?

Ans:

Question 19

What is the most appropriate pricing rule for the auctioning of EU allowances?

Ans: Uniform-pricing.

Please provide arguments to support your case.

Ans: Everyone must get the same price in the auctioning. Anything else discourages people from putting in bids, because of the risk of paying too much.

Question 20

Should the rules for solving ties in the Regulation be:

Ans: No Reponse

Please comment on your choice.

Ans: Neither option: we believe "Price-Time" priority model is more appropriate, fair and efficient.

Question 21

Should a reserve price apply?

No

Question 22

In case a reserve price would apply, should the methodology/formula for calculating it be kept secret?

No

Please comment on your choice.

Ans: Referring to question 16: If the reserve price is applied and not met at a certain auction, what happens to the auction volume that wasnt sold? Its crucial that the consequences of how this auction will be front-loaded is made clear to the market well in advance.

Question 23

Is a maximum bid-size per single entity desirable in a Uniform-price auction?

No

Please comment on your choice.

Ans:

Is a maximum bid-size per single entity desirable in a discriminatory-price auction?

No

Please comment on your choice.

Ans: Although we understand where your concern is coming from, we believe this would be difficult to legislate against, because market participants trade under various entities or they can also access the market via other companies.

Question 24

If so, what is the desirable bid-size limit (as a percentage of the volume of allowances auctioned per auction):

Ans: No Response

Please comment on your choice.

Ans:

Question 25

In case only one of the two following options would be chosen, to limit the risk of market manipulation or collusion, which one would be preferable?

Ans: A maximum bid-size per single entity?

Please comment on your choice.

Ans: Neither of the two are desirable, as mentioned in question 20, we believe the most appropriate auction model for EUAs is Price-Time priority. This is the model Germany will use to auction their 40 million annual EUAs in 2010-12. However, if choosing between a rock and a hard place, we believe the 'maximum bid-size per single entity' model is the least damaging to the market.

Question 26

Are the following pre-registration requirements appropriate and adequate?

Identity:

- Natural or legal person;
- Name, address, whether publicly listed, whether licensed and supervised under the AML rules; membership of a professional association; membership of a chamber of commerce; VAT and/or tax number;
- Contact details of authorised representatives and proof of authorisation; and
- CITL-Registry account details.
- Anything else?

Please specify: Normal KYC (Know Your Client) disclosure of regulated market places should apply.

Declarations with respect to the past 5 years on absence of:

- Indictment or conviction of serious crimes: check corporate officers, directors, principals, members or partners;
- Infringement of the rules of any regulated or unregulated market;
- Permits to conduct business being revoked or suspended;
- Infringement of procurement rules; and
- Infringement of disclosure of confidential information.
- Anything else?

Please specify: Normal KYC (Know Your Client) disclosure of regulated market places should apply.

Declarations and submission of documentation relating to:

- Proof of identity;
- Type of business;
- Participation in EU ETS or not;
- EU ETS registered installations, if any;
- Bank account contact details;
- Intended auctioning activity;
- Whether bidding on own account or on behalf of another beneficial owner;
- Corporate and business affiliations;
- Creditworthiness;
- Collateral; and
- Whether it carries out transactions subject to VAT or transactions exempted from VAT.
- Anything else?

Please specify: Normal KYC (Know Your Client) disclosure of regulated market places should apply.

Question 27

Do you agree that the pre-registration requirements for admittance to EU auctions should be harmonised throughout the EU?

Yes

Please comment on your choice.

Ans:

Question 28

Should the amount of information to be supplied in order to satisfy the pre-registration requirements for admittance to EU auctions depend on the:

- means of establishing the trading relationship;
- identity of bidder;
- whether auctioning spot or futures;
- size of bid;
- means of payment and delivery;
- anything else?

Please specify: Normal KYC (Know Your Client) disclosure of regulated market places should apply.

If so, what should the differences be?

Ans: We believe the KYC procedures for gaining access to regulated market places suffice to gather all necessary information and checks and as such there is no need to create extra admin hassle/red tape for the companies who wish to participate in the auction.

Question 29

Should the bidder pre-registration requirements under the Regulation apply in the same manner irrespective of whether or not the auctioneer is covered by the MiFID or AML rules?

Yes

0
0

Please provide arguments to support your case.

Ans:

Question 30

Do you agree that the auctioneer(s) should be allowed to rely on pre-registration checks carried out by reliable third parties including:

Yes

- Other auctioneers?
- Credit and/or financial institutions?
- Other

Please comment on your choice.

Ans: It depends on how you define third parties. For example, as a Recognised Investment Exchange, ECX/ ICE relies on checks/KYC done by our Clearing Members in terms of granting clients access to the platform as the CMs guarantees the creditworthiness of their clients. However, information providers by third parties with whom we have no relationship, such as other Exchanges, would need to be verified as we fall under different requirements and regulation.

Question 31

In order to facilitate bidder pre-registration in their home country, should the auctioneer(s) be allowed to provide for pre-registration by potential bidders in other (or all) Member States than the auctioneer's home country e.g. by outsourcing this to a reliable third party?

Yes

Please comment on your choice:

Ans: This would maximise participation in the auction, as it would make the access easier and more flexible.

If so, should such entities be:

- Covered by the AML rules?
- Covered by MiFID?
- Covered by both?
- Other

Please specify: Normal regulated marketplaces' rules should apply (KYC)

Please comment on your choice:

Ans:

Question 32

Should the Regulation prohibit the multiplicity of pre-registration checks in the case of Member States auctioning jointly?

No

Please comment on your choice.

Ans:

Question 33

Do you agree that the level of collateral accepted in EUA auctions should be harmonised for all EU ETS auctions?

No

If so, how should they be harmonised?

Ans:

If not, why not?

Ans: This depends on each individual company's credit worthiness, assets, expected volumes to be bought in the auction etc. and cannot be streamlined.

Question 34

Do you agree that the type of collateral accepted in EUA auctions should be harmonised for all EU ETS auctions?

No

If so, how should they be harmonised?

Ans:

If not, why not?

Ans: As above

Question 35

Do you agree that 100% collateral in electronic money transfer ought to be deposited up-front at a central counterparty or credit institution designated by the auctioneer to access spot auctions?

No

If not, why not?

Ans: This would discourage multiple bids, i.e. reduce the number of bids in the auction due to the amount of capital that must be submitted.

What alternative(s) would you suggest? Please provide arguments to support your case:

Ans: Again, in accordance with normal rules for regulated marketplaces, individually tailored solutions should be allowed depending on each individual company.

Question 36

In case futures are auctioned, should a clearing house be involved to mitigate credit and market risks?

Yes

If so, should specific rules – other than those currently used in exchange clearing houses – apply to:

- the level of the initial margin;
- the level of variation margin calls;
- the daily frequency of variation margin call payments?

If you have answered yes, please justify and elaborate on the rules that should apply and the mechanisms to implement them:

Ans: None of the above; standard practice for regulated market places/clearing houses should apply. This will suffice to manage markets in the usual manner.

Question 37

What are the most preferable payment and delivery procedures that should be implemented for auctioning EUAs?

- Payment before delivery.
- Delivery versus payment.

[] Both.

Please comment on your choice.

Ans: Depends on platform and product. Should be able to accommodate the broad range of participants in the EU ETS: some will prefer paying before, others after. It again depends on each company's individual situation and preferences. You should allow for some flexibility on this matter to maximise participation in the auction.

Question 38

Irrespective of the payment procedure, should the Regulation fix a maximum delay of time for payment and delivery to take place?

No

If yes; what should it be?

Ans: No Response

0

Question 39

Should the Regulation provide any specific provisions for the handling of payment and delivery incidents or failures?

No

If yes, what should they be?

Ans:

Question 40

Should the Regulation provide for all matters that are central to the very creation, existence and termination or frustration of the transaction arising from the EUA auctions?

No

If not, why not?

Ans: Regulation should only set out the general principles, the market should manage issues related to more detailed operational matters.

If so, are the matters enumerated below complete?

- The designation of the parties' to the trade.
- The characteristics of the auctioned product:
 - Nature: EUAs or EUAAs, trading period concerned.
 - Date of delivery: date at which winning bidders will receive the allowances on their registry account
 - Date of payment: date at which payment will be required from winning bidders.
 - Lot size: number of allowances associated with one unit of the auctioned good.
- Events of 'force majeure' and resulting consequences.
- Events of default by the auctioneer and/or the bidder and their consequences.
- Applicable remedies or penalties.
- The regime governing the judicial review of claims across the EU.

Ans: No Response

If not, what additional matters should be foreseen in the Regulation and why?

Ans:

Question 41

Should the Regulation provide for rules on jurisdiction and the mutual recognition and enforcement of judgments?

No

If so, should these be:

- specific to the Regulation;
- by reference to the Brussels I Regulation;
- by citing exceptions from the Brussels I Regulation;
- by citing additions to the Brussels I Regulation?

Please comment on your choice:

Ans:

If not, why not?

Ans: Regulation should only set out the general principles, the market should manage issues related to more detailed operational matters.

Question 42

Which auction model is preferable?

- Direct bidding?
- Indirect bidding?
- Both?

Please comment on your choice.

Ans: Depends on if you are a small or large player.

Question 43

If an indirect model is used, what share of the total volume of EU allowances could be auctioned through indirect bidding?

Ans: No limit

Please provide arguments to support your case.

Ans:

Question 44

If the primary participants model is used, what provisions would be desirable for mitigating disadvantages of restricting direct access:

- Allow direct access to largest emitters, even if they trade only on their own account? 0
- Disallow primary participants trading on their own account? 0
- Impose strict separation of own-account trading from trading on behalf of indirect bidders?

Other

Please specify: Must meet specified qualifications to become primary dealer.

Question 45

If the primary participants' model is used, what conflict of interest requirements should be imposed?

Separation of client registration and trading on behalf of clients from all own account trading activities.

Separation of collateral management, payment and delivery on behalf of clients from all own account trading activities.

Separation of anything else.

0

Question 46

What obligations should apply to primary participants acting in EU-wide auctions as:

Intermediaries

Market makers

Please provide arguments to support your case.

Ans:

Question 47

Under what conditions should auctioning through exchanges be allowed:

Only for futures auctions open to established members of the exchange?

Also for spot auctions open to established members of the exchange?

Only when the exchange-based auction is open to non-established members on a non-discriminatory cost-effective basis?

Other.

0

Please provide arguments to support your case.

Ans: We believe access as per existing regulated Exchanges' rules will encourage maximum participation in the auctions; SMEs should be allowed indirect access via Members of the Exchange.

Question 48

Should direct auctions be allowed through:

1) Third party service providers?
Yes

2) Public authorities?
Yes

Please comment on your selection:

Ans:

Question 49

Do the general rules for auctioning EUAs suffice for ensuring full, fair and equitable access to allowances to SMEs covered by the EU ETS and small emitters?

Yes

If not, why not?

Ans:

Question 50

Is allowing non-competitive bids necessary for ensuring access to allowances to SMEs covered by the EU ETS and small emitters in case of:

discriminatory-price auctions?

uniform-price auctions?

Yes

Question 51

If non-competitive bids are provided for in spot auctions, what maximum share of allowances could be allocated through this route?

Ans: 5%

0

Please comment on your choice.

Ans: As stated previously, the most market-friendly and fair auction model to use is Price-Time Priority model. If however non-competitive bids will be allowed (this runs in contradiction to Price-Time Priority model), the lowest possible amount should be chosen.

Question 52

What rule should apply for accessing non-competitive bids:

Participants should only be allowed to use one of the two bidding routes?

Non-competitive bids should be restricted to SMEs covered by the EU ETS and small emitters only?

Other?

Please specify: Non-competitive bidding should not be allowed, but if they are, they should not be restricted to SMEs (will be difficult to monitor and companies might try to 'dupe' the system)

Please comment on your choice.

Ans: If you allow for non-competitive bids and the auction is over-subscribed, how much will be allocated to whom?

Question 53

What should be the maximum bid-size allowed for SMEs covered by the EU ETS and small emitters submitting non-competitive bids?

Ans: Over 25 000 EUAs.

Please specify exact size and give reasons for your answer: No need for max bid size

Question 54

Are there any other specific measures not mentioned in this consultation that may be necessary for ensuring full, fair and equitable access to allowances for SMEs covered by the EU ETS and small emitters?

No

If so, please specify:

Ans:

Question 55

What should be the minimum period of time before the auction date for the release of the notice to auction?

Ans: Two weeks

0

Please comment on your proposal.

Ans:

Question 56

What should be the minimum period of time before the auction date for the submission of the intention to bid?

Ans: Other

Please Specify: none

Please comment on your proposal.

Ans: None - unnecessary bureaucracy.

On a separate note, a pre-window to enter bids should exist, for example it could open two hours before the auction starts.

Question 57

Are there any specific provisions that need to be highlighted in:

Ans: No Response

Please specify what they are.

Ans: We dont believe its necessary to give notice in advance that you intend to participate in the auction.

Question 58

What information should be disclosed after the auction:

Clearing price (if allowances are awarded on a uniform-price basis or in the case of non-competitive bids being allowed)?

Average price (if allowances are awarded on a discriminatory-price basis)?

Any relevant information to solve tied bids?

Total volume of EUAs auctioned?

- Total volume of bids submitted distinguishing between competitive and non-competitive bids (if applicable)?
 Total volume of allowances allocated?
 Anything else?

0

Question 59

What should be the maximum delay for the announcement of auction results?

- 5 minutes
 15 minutes
 30 minutes
 1 hour
 Other.

0

Please comment on your proposal.

Ans: Ideally, the information should be published immediately after the close of the auction.

Question 60

Do you feel that any specific additional provisions should be adopted in the Regulation for the granting of fair and equal access to auction information?

No

If so, what may they be?

Ans:

Question 61

Should an auction monitor be appointed centrally to monitor all EU auctions?

No

If not, why not?

Ans: The Auctioneer should provide a regulated environment and legal infrastructure that guarantees surveillance and compliance monitoring, in other words no need for an additional monitoring agency.

Question 62

Do you agree that the Regulation should contain general principles on:

- the designation and mandate of the auction monitor; and
 cooperation between the auctioneer(s) and the auction monitor?
 Neither

If not, why not?

Ans: We don't see the need of an auction monitor if you run the auction on a regulated, supervised marketplace.

Should these be supplemented by operational guidance, possibly through Commission guidelines? [Y/N]

No

If not, why not?

Ans: Again, covered by broader marketplace rules.

Question 63

Is there a need for harmonised market abuse provisions in the Regulation to prevent insider dealing and market manipulation?

No

If not, why not?

Ans: ref. to q.63

Please comment on your choice outlining the provisions you deem necessary and stating the reasons why.

Ans: ref. to q.63

Question 64

Should the Regulation provide for harmonised enforcement measures to sanction:

Non-compliance with its provisions?

Market abuse?

Please provide arguments to support your case.

Ans: neither - there are provisions under the rules and regulations of Exchagnes that cater for market manipulation and other negative distortions through market surveillance and compliance.

Question 65

Should the enforcement measures include:

The suspension of the auctioneer(s) and/or bidders from the EU-wide auctions?

If so, for how long should such suspension last?

Ans:

Financial penalties?

If so, at what level should such penalties be fixed?

Ans:

The power to address binding interim decisions to the auctioneer(s) and/or bidders to avert any urgent, imminent threat of breach of the Regulation with likely irreversible adverse consequences?

Anything else?

Please specify: no

Please provide arguments to support your case.

Ans: please refer to answer of q.63

Question 66

Should such enforcement measures apply at:

- EU level?
- National level?
- Both?

Please comment on your choice.

Ans: If enforcement measure are applied, it is preferable to harmonise it across EU27

Question 67

Who should enforce compliance with the Regulation:

- The auction monitor?
- The auctioneer?
- A competent authority at EU level?
- A competent authority at national level?
- Other?

0

Please provide evidence to support your case.

Ans:

Question 68

Which of the three approaches for an overall EU auction model do you prefer? Please rate the options below (1 being the most preferable, 3 being the least preferable)

- [3] Limited number of coordinated auction processes.
- [1] Full centralisation based on a single EU-wide auction process.
- [2] The hybrid approach where different auction processes are cleared through a centralised system.

Please give arguments to support your case.

Ans: Most efficient, simple and fair approach in our view.

Question 69

If a limited number of coordinated auction processes develops, what should be the maximum number?

Ans: 2

0

Please give arguments to support your case.

Ans: The lowest number possible to avoid fragmentation

Question 70

Is there a need for a transitional phase in order to develop gradually the optimal auction infrastructure?

No

If so, what kind of transitional arrangements would you recommend?

Ans:

Question 71

Should the Regulation impose the following requirements for the auctioneer(s) and auction processes? [mark those that apply]:

Technical capabilities of auctioneers:

- capacity and experience to conduct auctions (or a specific part of the auction process) in an open, fair, transparent, cost-effective and non-discriminatory manner;
- appropriate investment in keeping the system up-to-date and in line with ongoing market and technological developments; and
- relevant professional licences, high ethical and quality control standards, compliance with financial and market integrity rules.

Integrity:

- guarantee confidentiality of bids, ability to manage market sensitive information in an appropriate manner;
- duly protected electronic systems and appropriate security procedures with regards to identification and data transmission;
- appropriate rules on avoiding and monitoring conflicts of interest; and
- full cooperation with the auction monitor.

Reliability:

- robust organisation and IT systems;
- adequate fallback measures in case of unexpected events;
- minimisation of the risk of cancelling an individual auction once announced;
- minimisation of the risk of failing functionalities (e.g. access to the bidding platform for certain potential bidders); and
- fallback system in case of IT problems on the bidder side.

Accessibility and user friendliness:

- fair, concise, comprehensible and easily accessible information on how to participate in auctions;
- short and simple pre-registration forms;
- clear and simple electronic tools;
- (option of) accessibility of platforms through a dedicated internet interface;
- ability of the auction platform to connect to and communicate with proprietary trading systems used by bidders;
- adequate and regular training (including mock auctions);
- detailed user guidance on how to participate in the auction; and
- ability to test identification and access to the auction.

Please elaborate if any of these requirements need not be included.

Ans:

Please elaborate what additional requirements would be desirable.

Ans:

Question 72

What provisions on administrative fees should the Regulation include?

- General principles on proportionality, fairness and non-discrimination.
- Rules on fee structure.
- Rules on the amount of admissible fees.
- Other?

0

Please provide arguments to support your case.

Ans:

Question 73

Should there be provisions for public disclosure of material steps when introducing new (or adapted) auction processes?

Yes

Should new (or adapted) auction process be notified to and authorised by the Commission before inclusion in the auction calendar?

Yes

Question 74

Which one of the following options is the most appropriate in case a Member State does not hold auctions (on time)?

- Auctions by an auctioneer authorised by the Commission.
- Automatic addition of the delayed quantities to those foreseen for the next two or three auctions.

What other option would you envisage? Please specify:

Ans:

Question 75

Should a sanction apply to a Member State that does not auction allowances in line with its commitments?

Yes

If so, what form should that sanction take?

Ans: Financial penalty

Question 76

As a general rule throughout the trading period, in your opinion, are early auctions necessary?

Yes

If so, what should the profile of EUAA auctions be:

Ans: 10-20% in year n-2, 20-30% in year n-1, remainder in year n

0

Question 77

Do you think there is a need to auction EUAA futures?

Yes

If so, why?

Ans: For similar reasons as EUAs - also many airlines are hedging their fuel oil in advance similar to utilities.

Question 78

What should be the optimal frequency and size of EUAA auctions:

Ans: 3 auctions per year of around 10 million EUAAs?

0

Please comment on your choice.

Ans:

Question 79

What would be your preferred timing for EUAA auctions:

Ans: Equally spread throughout the year?

0

Question 80

Should any of the EUAA auction design elements be different compared to EUA auctions (see section 3)?

No

If so, please specify and comment on your choice.

Ans:

Question 81

Do you agree there is no need for a maximum bid-size?

Yes

If not, why not?

Ans:

Question 82

Is there any information regarding aircraft operators made available as part of the regulatory process to the competent authorities that could facilitate the KYC checks performed by the auctioneer(s)?

No

If so, please describe what information is concerned and whether it should be referred to in the Regulation or any operational guidance published by the Commission.

Ans:

Question 83

In your opinion, is there a specific need to allow for non-competitive bids in EUAA auctions?

No

Would this be the case even when applying a uniform clearing price format?

Yes

Please provide arguments to support your case.

Ans:

Question 84

Do you agree that there is no need for any specific provisions for EUAA auctions as regards:

- Involvement of primary participants, exchanges or third party service providers?
- Guarantees and financial assurance?
- Payment and delivery?
- Information disclosure?
- Auction monitoring?
- Preventing anti-competitive behaviour and/or market manipulation?
- Enforcement?
- None of the above?

If not, please describe in detail what rules would be needed and why.

Ans:

Question 85

Taking into account the smaller volume of EUAA allowances to be auctioned compared to EUAs, which of the three approaches for an overall EUAA auctioning model do you prefer? Please rate the options below (1 being the most preferable, 3 being the least preferable)

- [3] Limited number of coordinated auction processes.
- [1] Full centralisation based on a single EU-wide auction process.
- [2] Hybrid approach where different auction processes are cleared through a centralised system.

Does your choice differ from the approach preferred for EUAs?

No

Please provide arguments to support your case.

Ans:

Question 86

Do you agree that there is no need for any specific provisions for EUAA auctions as regards:

- Requirements for the auctioneer(s) and auction processes?

- Administrative fees?
- Rules to ensure appropriate and timely preparation of the auctions?
- None of the above?

If not, please describe in detail what rules would be needed and why.

Ans: