



EU ETS Phase III
OGP input to the European Commission
consultation on early auctioning

31 January 2011

OGP notes the European Commission consultation on the assessment of any allowances to be auctioned prior to 2013 pursuant article 10(1) of the Auctioning Regulation. Following the stakeholder meeting of 13 December 2010, in which OGP participated, the Commission has invited stakeholders to express their views on the appropriate volume and timing of so-called "early auctions".

In the framework of the consultation, OGP would like to make the following points:

- In the process leading up to the adoption of the auctioning regulation, we had no objections to the power generation sector's request for early auctioning as we consider that it assists provision of forward power contracts for industry. We want to preserve a liquid secondary market, and we understand that some other participants, who have a higher percentage of their requirement through the market, would need to hedge. In this context, we would like to highlight the need for the Commission to bring forward a proposal, on any allowances to be auctioned prior to 2013, as soon as possible.
- We have no objections to the European Commission's analysis of a range of 100 to 300 million allowances for potential early auction volumes. However we want to highlight the need for the Commission's proposal to fix the quantity of allowances for early auctioning; preferably with sub auction dates. Furthermore, this quantity should verge on the side of safety with a higher rather than a lower number for early auctioning.
- Finally we would like to point out that the EUA market is still very concerned about the availability of the EU registry in time for 2012 and the inclusion of aviation. Interim announcements on predefined registry project objectives and timeline would be helpful for the market.

We remain committed to ensuring an efficient Phase III of the EU ETS in order to reduce emissions of CO₂ equitably across the EU and look forward to continuing to work collaboratively with the EU institutions in establishing a methodology which contributes to this goal.

For further information, please contact: