



# **Implementation of phase 3 auctions – is everything going to plan?**

**European Emissions Markets**

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## State of play

- **Large-scale auctioning decided in the revision of the EU ETS Directive December 2008**
- **Auctioning Regulation adopted July 2010**
- **Early Auctioning decided July 2011**
- **Joint Procurement Agreements concluded September 2011**



## **Designation of auction platforms**

- **August 2012: contract for transitional common auction platform (TCAP) awarded to EEX**
- **August 2012: formal listing DE opt-out auction platform, EEX**
- **Early Nov (expected): formal listing UK opt-out auction platform, ICE**
  - **approved by Member States (CCC) – scrutiny period for Council and European Parliament is on-going**



## Poland and EEA-EFTA states

- **PL will make use of TCAP as long as its opt-out auction platform has not been procured and listed**

- **EEA:**

- **Norway and Iceland will also make use of TCAP**
- **Liechtenstein: no information**

As a first step EEA-EFTA need to incorporate Registry Regulation in their acquis

- **PL, NO and Iceland intend to aggregate their volumes to those of the 24 Member States**

# Auction volumes

- **In 2012**
  - **allowances: 120 million early auctions – precise volumes in annex to the Auctioning Regulation**
  - **Some 32 million aviation allowances – shares of each Member State to be determined and published**
- **In 2013**
  - **allowances: all allowances not allocated free of charge, minus 50% of the 120 million early auctions**
    - The other 50% of the 120 million early auctions to be subtracted in 2014
  - **aviation allowances: some 31 million**

## Auction calendars

- **EEX to publish at least two weeks in advance**
  - **TCAP: "intend to start end of October"**
  - **DE-opt-out platform: "intend to start early October"**
- **ICE**
  - **UK: "on track for starting the auctions in November"**
- **Separate calendars for allowances and aviation allowances**
  - **TCAP must determine two days of the week where no other auction platforms conduct auctions under the Auctioning Regulation**



# Auction calendars TCAP

- **EEX-TCAP: default in tender specifications:**
  - **two allowance auctions per week on Tuesdays and Thursdays**
  - **As from 2013: one aviation allowance auction per month, while much higher frequency in the remainder of 2012**



# Upgrading Union Registry

- **additional functionalities for phase 3 auctioning**
- **new type trading accounts**
- **trusted accounts lists**
- **suspension of access to the registry:**
  - **Friday 28/9/12, 18.00h - Tuesday 2/10/12 08.00h (CEST)**





# Auction monitor

- **Procurement of the Auction Monitor**
  - **No requests received following invitation in OJ**
  - **Commission and Member States reflect on follow-up**
  - **Auctions can start without the monitor being appointed**

## Further remarks

- Procurement of the 'definitive common auction platform' (maximum 5-year duration of contract), to succeed TCAP, has not yet started
- For any information, see the auctioning-webpage:
  - [http://ec.europa.eu/clima/policies/ets/auctioning/third/index\\_en.htm](http://ec.europa.eu/clima/policies/ets/auctioning/third/index_en.htm)
  - Transparency Notice:  
[http://ec.europa.eu/clima/policies/ets/auctioning/third/documentation\\_en.htm](http://ec.europa.eu/clima/policies/ets/auctioning/third/documentation_en.htm)

## Conclusions

- **Large-scale auctioning imply a major change for the daily operation of the carbon market**
- **The infrastructure for phase 3 auctions is largely in place and ready for roll-out**
- **The success of auctions should be judged on technical merits and not against the backdrop of the state of the carbon market**