

Response of CEZ, a. s.
to public consultation by Climate Action
Directorate General on
Auctioning third phase EU Allowances prior to
2013 ('early auctions')

| CEZ persons responsible | |
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CEZ, a. s. (hereinafter referred to as "CEZ") welcomes the opportunity to present its views on Auctioning third phase EU Allowances prior to 2013 ('early auctions'). Its views on the given subject are mentioned below.

1) Do you agree that all relevant factors for fixing early auction volumes have been determined? If not, what is missing?

CEZ believes that the gradual CO2 abatement is a process where well targeted mechanisms of regulation are welcomed. Especially the market based tools should play major role e.g. EU ETS should continue to be the key instrument to ensure the gradual decarbonisation of all sector. CEZ believes that the factors referred to in the Commission's discussion paper are the relevant factors with the utmost explanation impact on market needs for emission allowances in pre-2013 period.

2) Is the range of 100 to 300 million allowances as potential early auction volume an appropriate basis for further work by the Commission and Member States?

CEZ believes the selected range represents an appropriate basis for further work by the Commission and Member States. Not only the amount of emission allowances for year 2012 is important – other issues should be tackled in order to secure smooth transfer to third phase with none or low temporal price fluctuations. Regarding other elements to be concerned, we would like to point to the following steps as important as the volumes of early auctions:

1. Secure reliable solution of the central auctioning platform, IT infrastructure, including robust design of the *common registry*.
2. Timely beginning of auctioning in order to well prepare all market participants to use the new platform – first half of 2012 would be an optimal timing.
3. Publish in advance a calendar for deployment of NER300 and other volumes.