



EEX Emissions Auctions
Indirect auction access via Belektron

February 2017

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Introduction



- Belektron provides indirect access to the EEX emissions auctions for all operators of EU ETS installations and aircraft operators
- The arrangements for indirect auction access (“IAA”) have been developed jointly by Belektron and EEX
- Main objective of this collaboration is to achieve greater transparency and equal treatment of all clients
- In this context, Belektron has legally committed to EEX, inter alia,
 - to grant indirect access to any interested client compliant with pre-determined criteria
 - under the same terms and conditions as any other of its clients
- About Belektron:
 - One of the leading environmental commodities trading firms in the EU carbon market
 - Customer support is provided in multiple European languages
 - Belektron is an EEX member since 2012 and an official market-maker since 2015
 - Belektron is eligible to bid in emissions auctions on behalf of clients in accordance with EU regulations

Indirect auction access via Belektron

Step-by-step guide



Step 1 – Get access via Belektron

- Contact Belektron staff by E-mail or phone:

Phone: +386 1 620 88 54

Fax: +386 1 620 88 55

E-Mail: iaa@belektron.eu

- Customer support is provided in multiple European languages (English, French, Italian, Polish, Croatian, Slovenian)
- Conclude an agreement with Belektron for purchasing allowances in auctions
- Note: The general conditions applicable for indirect access via Belektron, as explained on the following slides, can also be downloaded at:

Belektron:

<http://belektron.eu/services/indirect-auction-access/>

EEX:

<https://www.eex.com/en/products/environmental-markets/emissions-auctions/emission-intermediaries>

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Step 2 – Purchase allowances based on prepayment

- Purchase orders are settled against prepayment made to a dedicated bank account, set up by Belektron specifically for indirect auction access at

ABN AMRO Bank, Amsterdam, Netherlands

IBAN code: NL19 ABNA 0461 9621 36

BIC code: ABNANL2A

- Purchase orders by clients are accepted up to the amount of prepayment
- Requirement for prepayment may be waived (or decreased) for clients with credit rating by major global rating agencies¹

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Step 3 – Submitting your order

- Submit a purchase order via e-mail (auctions@belektron.eu), indicating the following details:

Purchase Order	
Company name	
Account number in the Union Registry	
Type of emission allowances (EUA or EUAA)	
Auction date	
Closure time of the auction	
<u>Number of allowances</u> (as a multiple of 500)	
<u>Bid price</u> per allowance (in EUR)	
Total value (in EUR)	

- The receipt of purchase orders will be confirmed by Belektron
- Purchase orders can be modified or cancelled until 15 minutes before the close of the auction
- For any assistance needed, Belektron staff will be readily available

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Step 4 – Order execution

- Orders will be executed according to the auction rules:
 - If the bid price is higher than the auction clearing price → full execution
 - If the bid price is equal to the auction clearing price → full or partial execution¹
 - If the bid price is below the auction clearing price → no execution
- The purchase price is always the auction clearing price!
 - *Example:* If the bid price is €10.00 and the auction clearing price is €7.10, the client receives the allowances at €7.10.

¹ Execution of bids made at the auction clearing price depends on their ranking in the random selection. The random selection is based on an algorithm applied by the auction platform, according to EU rules.

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Step 5 – Receipt of allowances and financial settlement

- Upon successful order execution, Belektron will...
 - deduct the amount due for the executed bid volume from the prepaid funds
 - initiate the transfer of allowances to the client
 - send an invoice for the delivered allowances

- For the prepaid funds unused, the client may choose to...
 - Keep them deposited for a new purchasing order
 - Have them returned to the Client's bank account

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Service fees



- For executed orders, Belektron charges a mark-up depending on the volume of purchased allowances.

Executed purchase volume (number of allowances)	Mark-up (in EUR/allowance)
500 – 9,500	0.070
10,000 – 19,500	0.050
20,000 – 49,500	0.035
50,000 – 99,500	0.025
100,000 or above	0.015

- Belektron does not charge any other fees except the mark-up

Backup

How is the auction clearing price determined?

1. Bids are sorted in descending order of the price bid
2. Bid volumes are added, starting with the highest bid
3. The price at which the sum of volumes bid matches or exceeds the volume of allowances auctioned, shall be the auction clearing price
4. Tied bids will be sorted through random selection according to an algorithm
5. All bids with a price higher than the auction clearing price are successful
6. Execution of bids made at the auction clearing price depends on their ranking in the random selection
7. Partial execution of orders may be possible for the last successful bid matching the auction clearing price, depending on the remaining quantity of allowances
8. All successful bids will be allocated at the auction clearing price

Example: Auction for 1 million EUA's

Order book after close of call phase			Order book sorted by price			Order execution		
Bidder	Price	Volume	Bidder	Price	Volume	Bidder	Price	Volume
A	7,22 €	100.000	G	7,25 €	1.000	G	7,10 €	1.000
B	7,24 €	25.000	B	7,24 €	25.000	B	7,10 €	25.000
C	7,18 €	300.000	H	7,24 €	5.000	H	7,10 €	5.000
D	6,00 €	1.000.000	F	7,23 €	75.000	F	7,10 €	75.000
E	7,10 €	500.000	A	7,22 €	100.000	A	7,10 €	100.000
F	7,23 €	75.000	J	7,20 €	300.000	J	7,10 €	300.000
G	7,25 €	1.000	C	7,18 €	300.000	C	7,10 €	300.000
H	7,24 €	5.000	E	7,10 €	500.000	E	7,10 €	*194.000
I	6,90 €	150.000	I	6,90 €	150.000	I	6,90 €	0
J	7,20 €	300.000	D	6,00 €	1.000.000	D	6,00 €	0
		2.456.000			2.456.000			1.000.000