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Participation in Emissions Auctions - explained in 5 minutes

Business Development Environmental Markets, Leipzig, 20 December 2022

Operators (and other EU ETS buyers) can acquire allowances from auctions.

<u>Why?</u>

Auctioning is an **open, transparent, harmonised and non-discriminatory process**. In addition it is a low-risk opportunity to get the necessary emissions allowances at **very low costs**.

Where?

The **leading auction platform** is the **European Energy Exchange AG**, acting as common auction platform for 25 Member States as well as for the EEA EFTA States, the Innovation Fund and the Modernisation Fund and separately for Germany, Poland and the UK (in respect of generation of electricity in Northern Ireland).

EU allowances (EUA) and EU aviation allowances (EUAA) are eligible for compliance under the EU ETS, i.e. allowances bought in any auction are eligible for compliance in any country under the EU ETS.

When?

Auctions for EU allowances (EUA) are held almost every working day. Monday till Friday 9-11 CET Auctions for EU aviation allowances (EUAA) are held several times per year (see <u>auction calendar</u>).

How?

Bidders must register at EEX in order to take part in the auction (see next slide).

- o Bidders choose on which auction day(s) to participate
- Bidders can place one or several bids (see <u>Auction Tutorial</u>)
- o Bids will be submitted during one given bidding window
- o Bids will be submitted without seeing other participant's bids
- All successful bidders will pay the same auction clearing price (price of the successful bidder with the lowest price, usually very close to the price on the secondary market)

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What do prospects need to do to join the auctions at EEX?

1. Choose your preferred channel of access:

(The following two options seem best suited to EU ETS (SME) operators, but are available to any eligible entity)

| | Auction-only membership at EEX* | Indirect auction access through other intermediaries |
|--------------|--|--|
| Description | Bids can be submitted electronically through web- based auction system or by contacting EEX ("bidding on behalf" via phone, E-mail, fax) | Bids can be submitted through intermediaries |
| Requirements | Application for auction-only membership to be filled, including arrangement with <u>clearing bank</u> | n/a publically |
| Costs | 3.50-4.68 EUR/1,000 allowances, no fixed costs charged by EEX | n/a publically |

2. Get in touch!

| Contact | Admission Team Member Readiness Phone: +49 341 2156 261 E-mail: <u>memberreadiness@ecc.de</u> | Currently the following companies offer to bid on behalf of clients in EEX auctions: • <u>www.abnamroclearing.com</u> • <u>www.actcommodities.com</u> |
|---------|--|---|
| | Sales Emissions | www.afsgroup.nl |
| | Phone: + 44 207 862 7555 | www.gkpge.pl/dom-maklerski |
| | E-mail: sales@eex.com | www.viennainvestment.ro |
| | or your Key Account Manager | • <u>www.zf-bg.com</u> |

© 2022 *In addition to Auction-only membership, EEX offers further types of membership which also grant 12/20/2022 additional access to continuous trading, for further details please contact us or follow this link

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