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# AUCTIONS BY THE TRANSITIONAL COMMON AUCTION PLATFORM

The world's largest auctioning of emissions allowances

December 2014

## Auctions by the transitional common auction platform

### December 2014

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**Auction platform:** European Energy Exchange (EEX)

**Auction dates/reporting period:**

General allowances (EUAs): 1, 2, 4, 8, 9, 11, 15, 16 December 2014

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In 2013, more than 40% of allowances allocated under the EU ETS have been auctioned instead of being allocated free of charge. Auctioning emission allowances at that scale is unprecedented and delivers valuable experience for auction design in other carbon markets and for other environmental assets.

Auctioning is the most transparent method of allocating allowances and puts into practice the principle that the polluter should pay. With some limited exceptions, from 2013 electricity generators must buy all their allowances: experience shows that they have been able to pass on the notional cost of allowances to customers even when they received them for free.

Most of the allowances to be auctioned are allocated to States on the basis of their historical share of emissions from EU ETS installations. Ten per cent are allocated to the least wealthy EU member states and the remaining 2% is given as a 'Kyoto bonus' to nine EU member states which had most reduced their greenhouse gas emissions.

At least half of auctioning revenues, and all of the revenues from auctioning allowances to the aviation sector, should be used to combat climate change in Europe or other countries.

EEX (Leipzig, Germany) conducts the auctions for 26 Member States covering about two thirds of the total auctioned volume. For the remaining volume, Germany and the United Kingdom, under an opt-out arrangement, have appointed EEX and ICE Futures Europe (London, UK) respectively.

For further information: [http://ec.europa.eu/clima/policies/ets/cap/auctioning/index\\_en.htm](http://ec.europa.eu/clima/policies/ets/cap/auctioning/index_en.htm)

# Auctions by the transitional common auction platform

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**Editor's note:** This report has been prepared by the Commission on behalf of the following Member States: Austria, Belgium, Bulgaria, Republic of Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden. The Member States on behalf of which auctions have been held in the reporting period have approved this report under the rules in the Joint Procurement Agreement to procure common auction platforms. The report complies with the requirement laid down in the fourth subparagraph of Article 10(4) of Directive 2003/87/EC.<sup>1</sup>

**Methodology:** The report is based on the reports submitted by EEX, on the discussions in regular meetings between the Commission, its advisors and EEX and on any further relevant information available to the Commission. The authors of the report did not actively verify EEX's compliance with the specific rules and provisions applicable under European or national law.

For reasons of confidentiality and proper enforcement of the applicable rules, the report refers to reporting on the auctions held based on information provided by EEX. Any data not directly related to the auctions is based only on public reporting and not on any non-public reports.

**Disclaimer:** The authors have made every effort to ensure that the information provided is complete, correct and precise for the reporting period. Nevertheless, the report is based on limited information available to the authors in a market context where much information has to remain confidential. The authors did not actively verify the information. Therefore, the authors and the Member States on whose behalf this report was drafted deny any responsibility or liability whatsoever for its contents, regardless of the nature of such contents. Any reliance by any person or entity on the information provided in this report is solely at that person's or entity's own risk.

**Glossary:** terms and expressions written in *italics* are included in the glossary.

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<sup>1</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, OJ L 275, 25.10.2003, p. 32, as subsequently amended.

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## Executive summary

This report covers the auctioning of emissions allowances in the period December 2014. In that period, EEX, in its capacity as the common auction platform, auctioned a total of 14 838 500 *EU general emission allowances* in 8 auctions for the *third trading period* on behalf of those EU Member States that participate in the transitional common auction platform (*participating Member States*). No auctions were performed for Croatia and Poland during the reporting period.

In addition, the report provides an annual overview of the aviation allowances auctions held in 2014 by EEX in its capacity as the common auction platform.

All auctions were held securely and smoothly and no irregularities or deviations from the requirements were observed. Generally, the auction clearing price was in line with the price signal in the secondary market. The table below contains a summary of the information concerning the conducted auctions.

### *The December auctions at a glance:*

|                                                  | General allowances |
|--------------------------------------------------|--------------------|
| <b>General</b>                                   |                    |
| Total volume auctioned                           | 14 838 500         |
| Amount raised from the auctions (€)              | 100 283 525        |
| Average clearing price (€/allowance)             | 6.76               |
| Total bid volume                                 | 68 610 000         |
| Average Cover ratio                              | 4.62               |
| <b>Participation</b>                             |                    |
| Number of eligible bidders                       | 65                 |
| Number of participating bidders                  | 26                 |
| Number of successful bidders                     | 25                 |
| Average number of bidders per auction            | 15.38              |
| Average number of successful bidders per auction | 11.5               |
| <b>Auction data</b>                              |                    |
| Average total volume bid per bidder              | 565 857            |
| Average bid size (volume per bid)                | 137 903            |
| Average volume won per bidder                    | 164 619            |
| Average range of bids (€)                        | 2.53               |

# Auctions by the transitional common auction platform

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## Section 1. Results of the auctions

### Auctioning Member States

At the start of the reporting period, all the *participating Member States* except Croatia were participating in the auctions. On 1 July 2013, Croatia joined the European Union, and it has become a party to the Joint Procurement Agreements so as to auction its share of allowances on EEX. During the reporting period, EEX confirmed that the necessary arrangement for the Croatian auctioneer to be admitted and recognised by EEX and its clearing system ECC were finalised and the auctions for Croatia could start as from January 2015.

In accordance with the second subparagraph of Article 30(7) of the *Auctioning Regulation*, pending the procurement, appointment and listing of its opt-out auction platform, Poland contracted EEX to auction its share of allowances to be auctioned. These auctions started on 16 September 2013. Due to the back-loading, no auctions were held for Poland in the reporting period, but data on the auctions held for Poland is included in the graphs covering the period before back-loading.

The Member States of the European Free Trade Association (EFTA) that are Party to the European Economic Area (EEA)<sup>2</sup> have also stated their intention to make use of the transitional common auction platform by aggregating their volumes to those auctioned on behalf of the *participating Member States*. The preparations for this are on-going.

### Auction revenues per Member State

The total amount raised from the auctions held in the reporting period as well as the total amount raised since the start of the third trading period is provided in Table 1. The total revenues from general and aviation allowances auctions held from November 2012 to December 2014 is EUR 4 728 621 180. Further information is provided in the sections on general and on aviation allowances hereafter.

**Table 1** Auction revenues per Member State<sup>3</sup> (euro)

|          | General allowances                  |               | Aviation allowances            | General allowances and aviation allowances |
|----------|-------------------------------------|---------------|--------------------------------|--------------------------------------------|
|          | 13 November 2012 – 30 November 2014 | December 2014 | September 2014 – November 2014 | 13 November 2012 – December 2014           |
| Austria  | 116 175 565                         | 2 795 580     | 1 176 980                      | 120 148 125                                |
| Belgium  | 204 704 465                         | 5 317 845     | 2 048 600                      | 212 070 910                                |
| Bulgaria | 109 764 555                         | 1 194 650     | 223 080                        | 111 182 285                                |
| Cyprus   | 2 359 150                           | 0             | 298 460                        | 2 657 610                                  |

<sup>2</sup> Iceland, Liechtenstein and Norway.

<sup>3</sup> Croatia will be added to the table as from the start of auctions in January 2015

## Auctions by the transitional common auction platform

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|                        | General allowances                  |                    | Aviation allowances            | General allowances and aviation allowances |
|------------------------|-------------------------------------|--------------------|--------------------------------|--------------------------------------------|
|                        | 13 November 2012 – 30 November 2014 | December 2014      | September 2014 – November 2014 | 13 November 2012 – December 2014           |
| <b>Czech Republic</b>  | 134 975 880                         | 952 520            | 466 730                        | 136 395 130                                |
| <b>Denmark</b>         | 101 632 155                         | 2 418 445          | 1 163 310                      | 105 213 910                                |
| <b>Estonia</b>         | 25 235 915                          | 246 760            | 37 690                         | 25 520 365                                 |
| <b>Greece</b>          | 285 507 490                         | 6 938 335          | 1 098 020                      | 293 543 845                                |
| <b>Spain</b>           | 720 448 885                         | 17 727 975         | 6 564 360                      | 744 741 220                                |
| <b>Finland</b>         | 139 499 445                         | 3 429 255          | 813 230                        | 143 741 930                                |
| <b>France</b>          | 456 498 285                         | 11 507 900         | 10 050 580                     | 478 056 765                                |
| <b>Hungary</b>         | 91 792 760                          | 2 998 040          | 288 240                        | 95 079 040                                 |
| <b>Ireland</b>         | 74 760 750                          | 2 026 575          | 871 620                        | 77 658 945                                 |
| <b>Italy</b>           | 803 951 810                         | 19 774 725         | 5 243 260                      | 828 969 795                                |
| <b>Lithuania</b>       | 39 570 475                          | 974 800            | 58 390                         | 40 603 665                                 |
| <b>Luxemburg</b>       | 9 923 770                           | 309 195            | 631 420                        | 10 864 385                                 |
| <b>Latvia</b>          | 22 481 860                          | 522 795            | 140 670                        | 23 145 325                                 |
| <b>Malta</b>           | 8 343 900                           | 209 390            | 99 530                         | 8 652 820                                  |
| <b>The Netherlands</b> | 278 667 250                         | 6 812 785          | 5 469 660                      | 290 949 695                                |
| <b>Poland</b>          | 322 031 455                         | 0                  | 0                              | 322 031 455                                |
| <b>Portugal</b>        | 145 796 725                         | 3 459 145          | 1 273 060                      | 150 528 930                                |
| <b>Romania</b>         | 255 450 205                         | 4 562 765          | 322 480                        | 260 335 450                                |
| <b>Sweden</b>          | 74 293 895                          | 1 789 530          | 1 022 510                      | 77 105 935                                 |
| <b>Slovenia</b>        | 36 803 845                          | 1 040 635          | 48 040                         | 37 892 520                                 |
| <b>Slovak Republic</b> | 128 212 655                         | 3 273 880          | 44 590                         | 131 531 125                                |
| <b>TOTAL</b>           | <b>4 588 883 145</b>                | <b>100 283 525</b> | <b>39 454 510</b>              | <b>4 728 621 180</b>                       |

Detailed information per auction for the current reporting period can be found in **Annex I**.

# Auctions by the transitional common auction platform

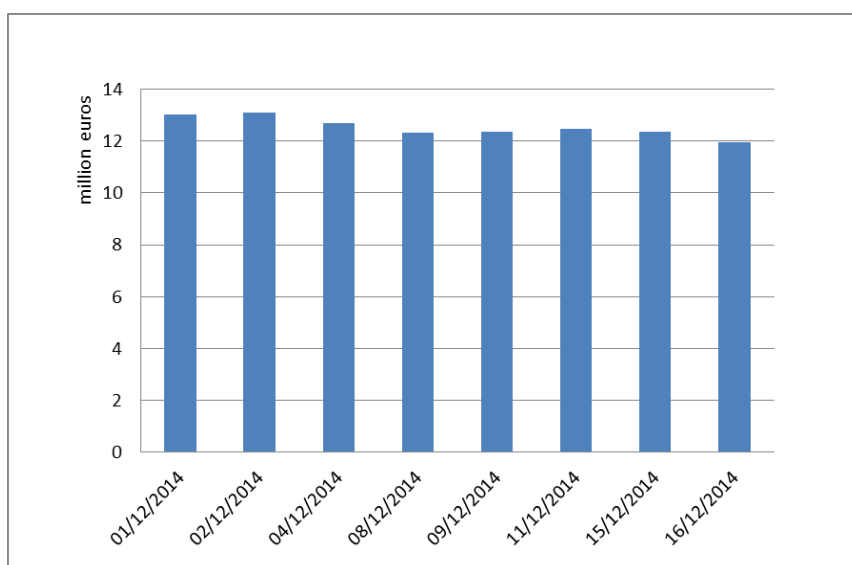
December 2014

## Section 1.1. General allowances auctions

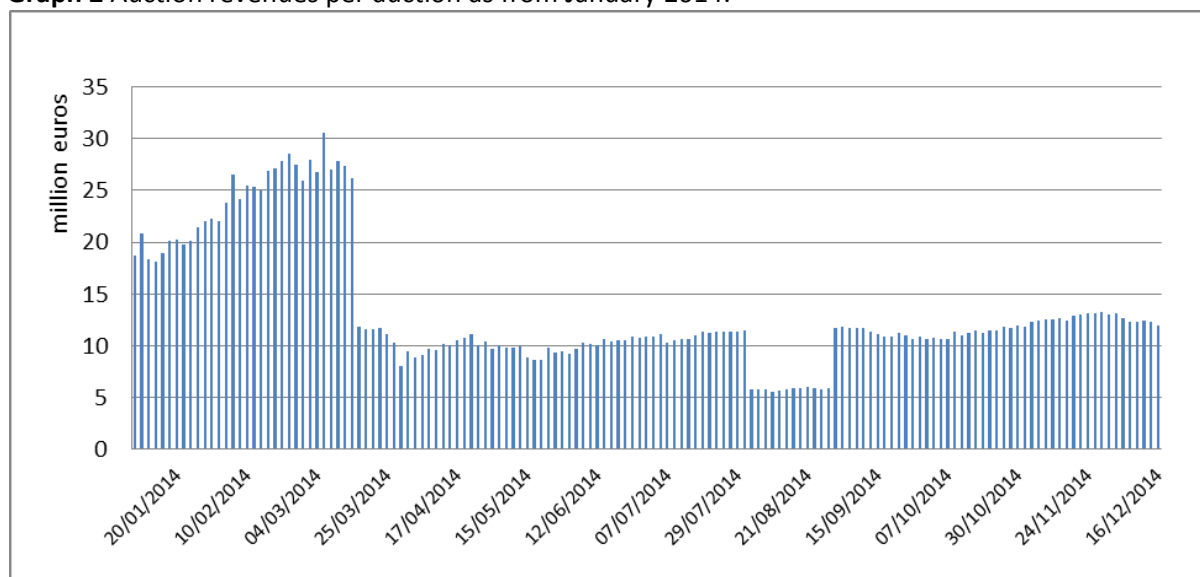
During the month of December 2014, EEX, in its capacity as the transitional common auction platform, auctioned, in 8 auctions, a total of 14 838 500 *allowances* valid for the *third trading period* on behalf of *participating Member States*.

The total amount raised from the 8 auctions held during the reporting period was EUR 100 283 525 (see Graph 1 and Table 1). Taking into account the volumes per auction, the weighted average clearing price during the reporting period was EUR 6.76 per allowance. This is a decrease of EUR 0.01 per allowance compared with the previous reporting period.

**Graph 1** Total auction revenue per auction (euro).



**Graph 2** Auction revenues per auction as from January 2014.



## Auctions by the transitional common auction platform

### December 2014

The total amount raised from the auctions held between 13 November 2012 and 31 December 2014 was EUR 4 689 166 670 (see Table 1 for the volumes per Member State).

**Table 2:** Overview

| Month          | Auction volume | Bid volume  | Cover ratio | Bidders | Successful bidders | Price     | Revenue       |
|----------------|----------------|-------------|-------------|---------|--------------------|-----------|---------------|
| December 2014  | 14 838 500     | 68 610 000  | 4.62**      | 15.38** | 11.50**            | € 6.76**  | € 100 283 525 |
| November 2014  | 22 476 000     | 91 484 000  | 4.07*       | 15.42*  | 11.33*             | € 6.77*   | € 152 218 710 |
| October 2014   | 24 349 000     | 124 425 000 | 5.11*       | 15.54*  | 11.15*             | € 6.04*   | € 147 030 500 |
| September 2014 | 26 222 000     | 157 822 500 | 6.02*       | 15.36*  | 11.21*             | € 6.01*   | € 157 556 760 |
| August 2014    | 11 208 000     | 90 982 500  | 8.12*       | 12.58*  | 8.00*              | € 6.24*   | € 69 928 580  |
| July 2014      | 26 222 000     | 140 375 000 | 5.35*       | 14.79*  | 10.86*             | € 5.91*   | € 154 934 560 |
| June 2014      | 22 476 000     | 136 372 000 | 6.07*       | 17.58*  | 10.75*             | € 5.53*   | € 124 329 740 |
| May 2014       | 20 766 500     | 133 689 500 | 6.44**      | 17.36** | 11.72**            | € 5.018** | € 104 208 535 |
| April 2014     | 23 130 000     | 177 597 500 | 7.68        | 17.67*  | 10.83*             | € 5.19*   | € 119 948 325 |
| March 2014     | 42 048 500     | 280 163 000 | 6.66**      | 17.35** | 11.75**            | € 6.42**  | € 269 929 405 |
| February 2014  | 52 667 000     | 216 991 500 | 4.12**      | 19.68** | 14.30**            | € 6.38**  | € 336 162 075 |
| January 2014   | 48 648 500     | 178 198 500 | 3.66        | 21.92** | 13.17**            | € 4.96**  | € 241 181 405 |

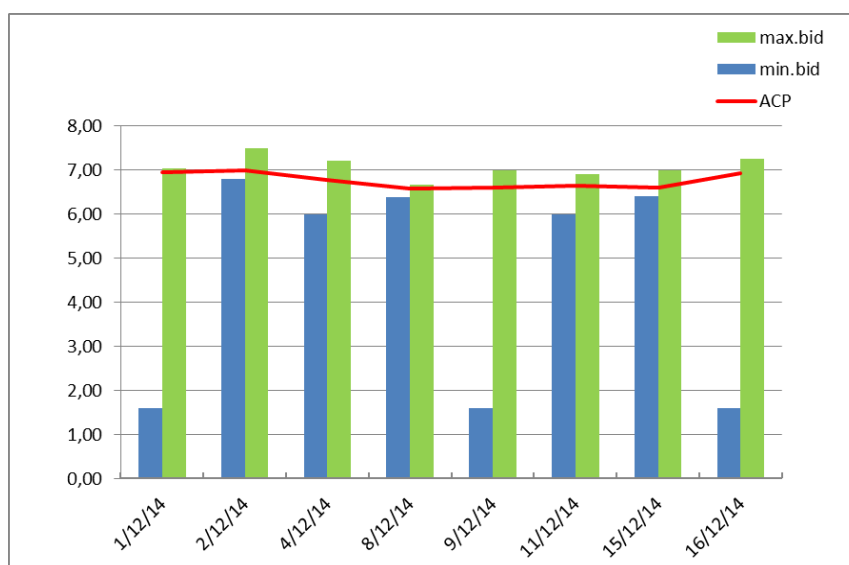
\* simple average

\*\*volume-weighted average (when the volume of allowances sold varied between auctions within a month, see auction volumes in Annex I)

#### Auction clearing price

During the period under consideration, the auction clearing price for the allowances moved between EUR 6.58 and EUR 7.00 per allowance (see Graph 3). The lowest auction clearing price in this reporting period is EUR 0.28 above the lowest auction clearing price during the previous reporting period. The highest auction clearing price in this reporting period is EUR 0.09 per allowance below the highest auction clearing price of the previous reporting period.

**Graph 3** Auction Clearing Price (ACP) & maximum prices bid & minimum prices bid [euro/ton].



## Auctions by the transitional common auction platform

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For all but one auction, the clearing prices were within a range of EUR 0.04 or less from the mean of the *best-ask* and *best-bid* prices on the EEX *secondary market* for spot emission allowances and in average EUR 0.03 below the average of that mean. In general, the auction clearing prices were also in line with the prices of carbon products on other trading venues, and with the clearing prices of other auctions of emission allowances conducted during the period.

The auction clearing price did not show a continuous upward or downward trend during the reporting period.

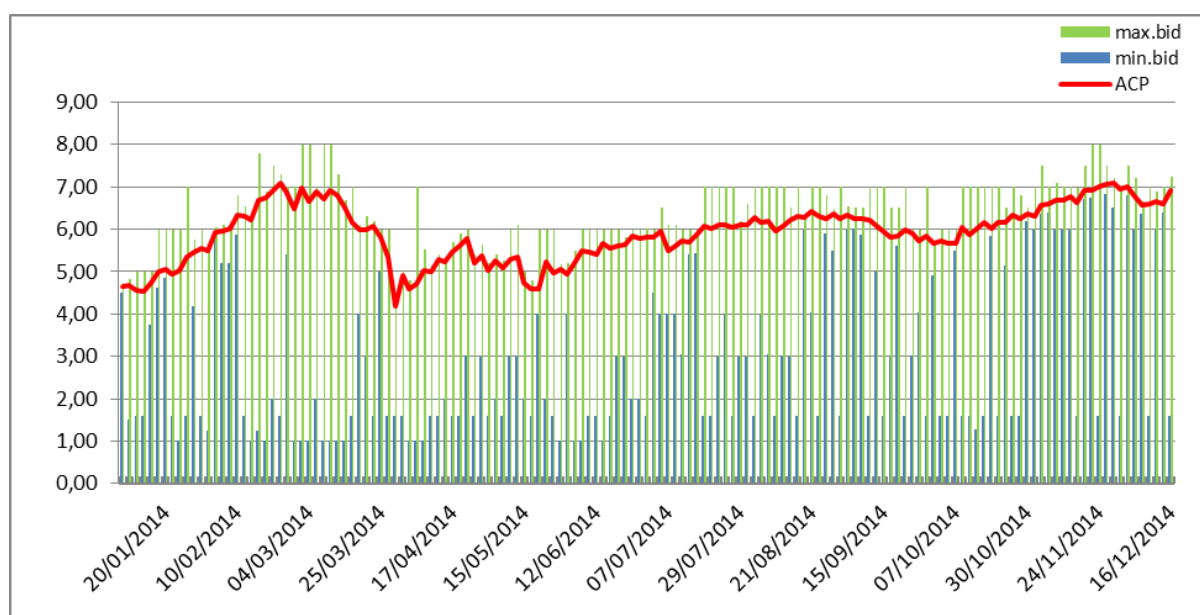
#### Maximum and minimum prices bid

The highest prices bid in the auctions were on average EUR 0.31 per allowance above the clearing price (see Graph 3).

The lowest prices bid in the auctions were on average EUR 2.22 per allowance below the clearing price (see Annex I for the data per auction).

The range of bids (average difference between the maximum price bid and the minimum price bid) in the auctions was EUR 0.77 higher than the difference for the auctions conducted in the preceding month (see Annex I).

**Graph 4** Auction clearing price (ACP), maximum bid and minimum bid as from January 2014.



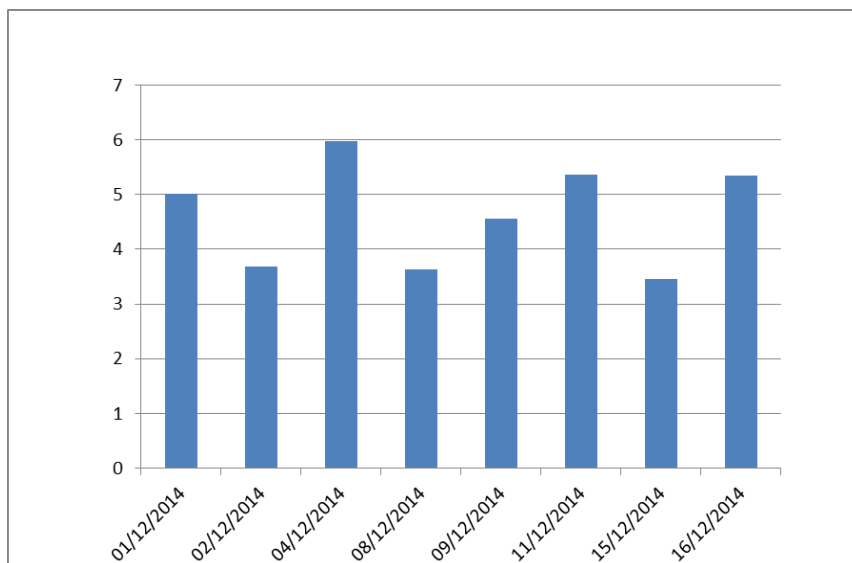
#### Cover ratio

The *cover ratio* — the bid volume as a proportion of the available volume in the auctions — (see Graph 5) moved between 3.46 and 5.97 during the reporting period. The average was about 14% higher than the average *cover ratio* during the previous reporting period. The lowest *cover ratio* during the reporting period was 3.46 at the auction of 15 December 2014 with the highest *cover ratio* being 5.97 at the auction of 4 December 2014.

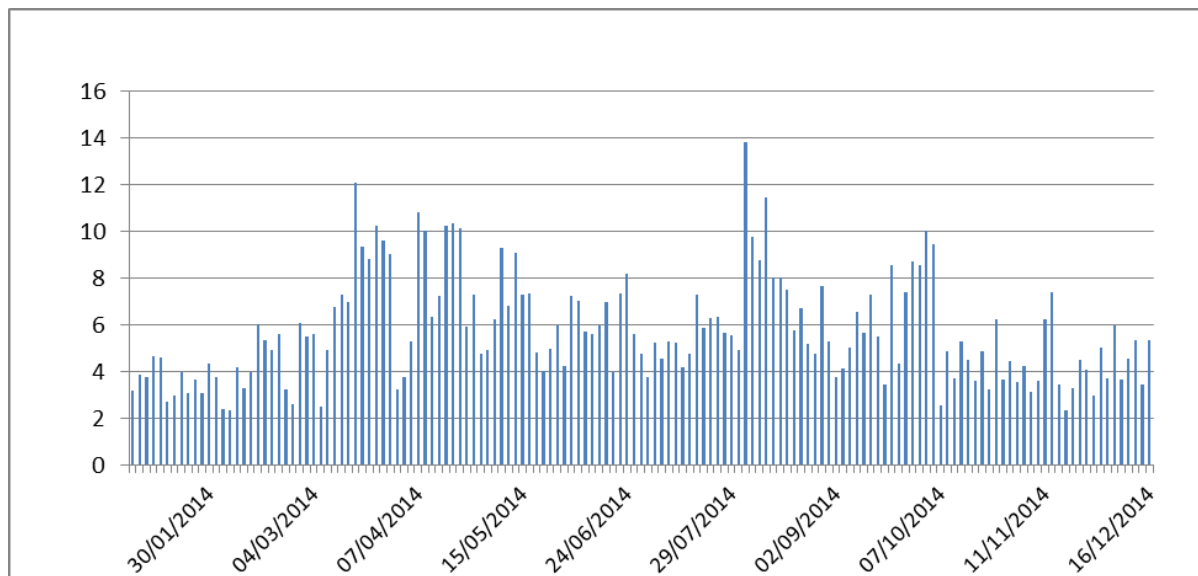
## Auctions by the transitional common auction platform

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**Graph 5** Cover ratio: bid volume versus available volume.



**Graph 6** Cover ratio as from January 2014: bid volume versus available volume.



### Number of Bidders

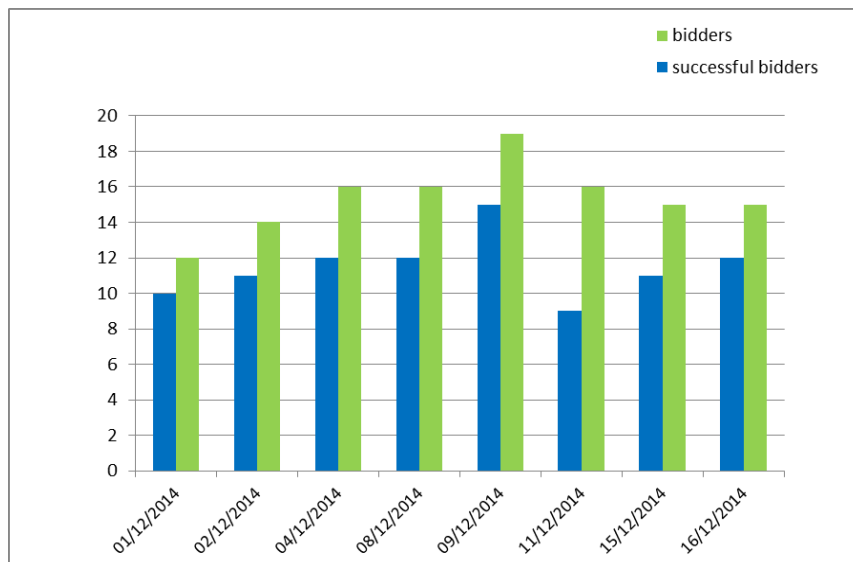
The number of active bidders per auction ranged from 12 to 19 (see Graph 7). The average number of active bidders was 15.38, which is similar to the average number of active bidders during the previous reporting period.

## Auctions by the transitional common auction platform

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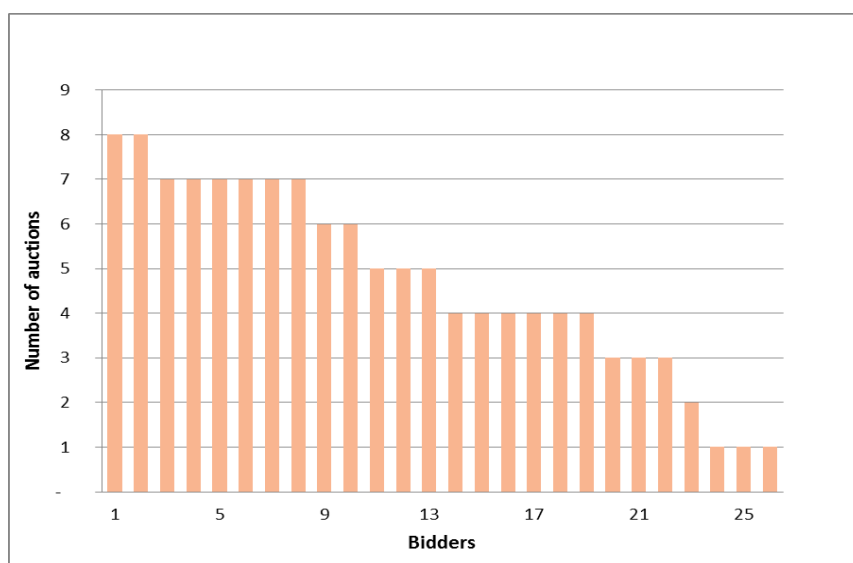
The number of successful bidders per auction ranged from 9 to 15 during the reporting period. The average number of successful bidders was 11.5, which is similar to the average number of successful bidders during the previous reporting period.

**Graph 7** Number of bidders and number of successful bidders.



In total, 26 different bidders participated in the auction (see Graph 8). Two of them participated in all auctions during the reporting period. Thirteen of them participated only in four or fewer auctions during the reporting period.

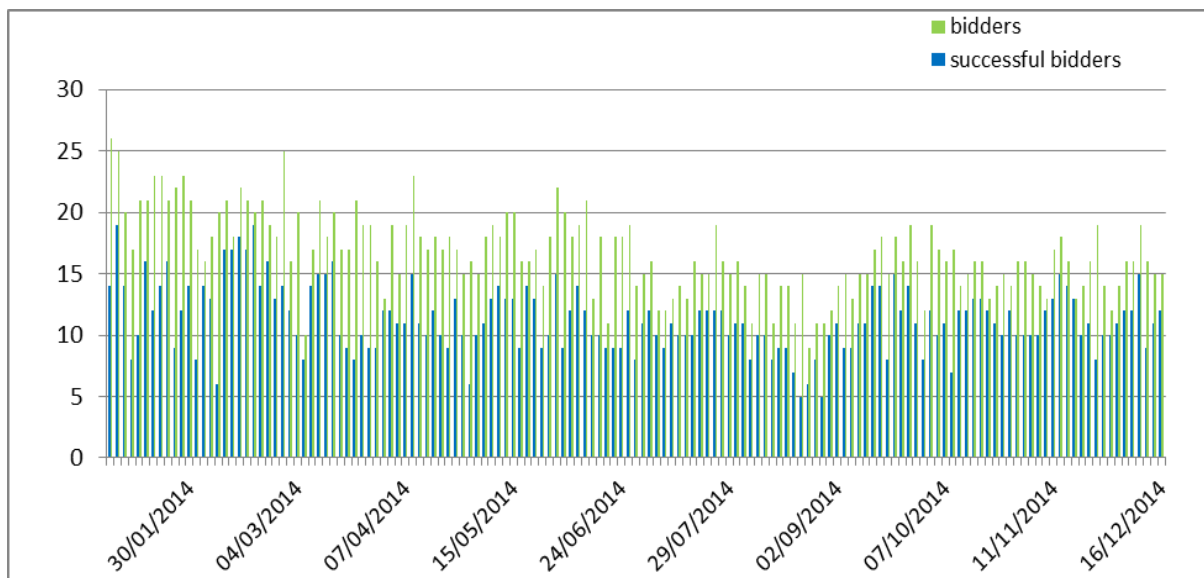
**Graph 8** Number of auctions in which each bidder participated (bidders are identified by numbers).



## Auctions by the transitional common auction platform

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**Graph 9** Number of bidders and successful bidders as from January 2014.



### Average bid volume per bidder and average volume won by successful bidders

The total volume of bids for the 8 auctions amounted to 68 610 000 allowances, which is 25% less than the previous period. With 26 bidders during the month, this makes an average of 2 638 846 allowances per bidder. Per auction, the average total bid volume per bidder ranged from 425 688 to 783 750 allowances during the reporting period (see Graph 10), with average of 565 857, which is 16% higher than the average in November 2014. This average did not show a clear upward or downward trend during the reporting period. The standard deviation of the average total bid volume per bidder for the individual auctions ranged from 423 401 to 1 491 067, and over the entire month was 3 628 633.

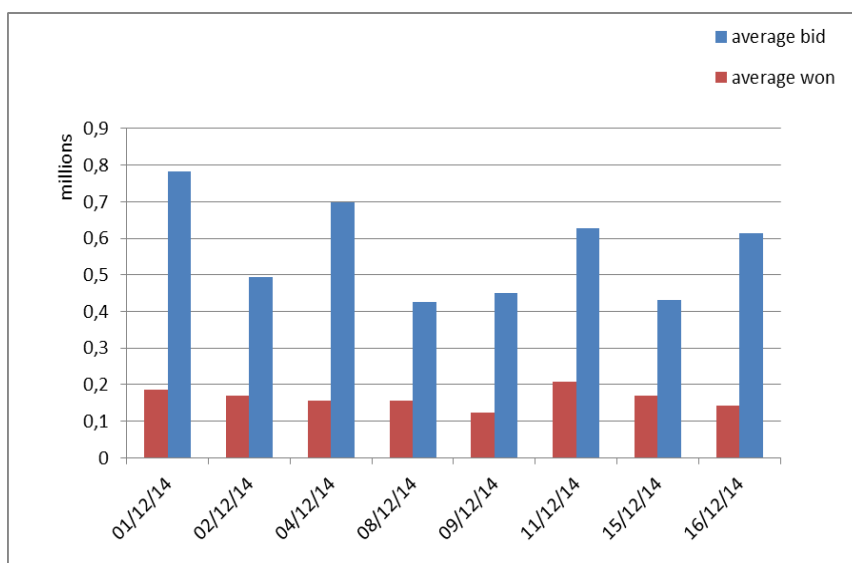
The average bid size ranged from 92 457 to 257 641 per auction, with an average over the entire month of 137 903. This average was about 4% higher than during the previous reporting period. The average number of bids per bidder ranged from 2.44 to 6.50 per auction, with an average of 4.45.

The total volume auctioned amounted to 14 838 500 allowances. With 25 successful bidders during the month, this makes an average of 593 540 allowances per successful bidder, which is 39% lower than the average in November 2014. Per individual auction, the average volume won by successful bidders ranged from 124 867 to 208 111 allowances, with average of 164 619 which is 3% lower than the average in November. This average did not show a clear upward or downward trend during the reporting period. The standard deviation ranged from 113 870 to 294 763, and over the entire month was 647 889.

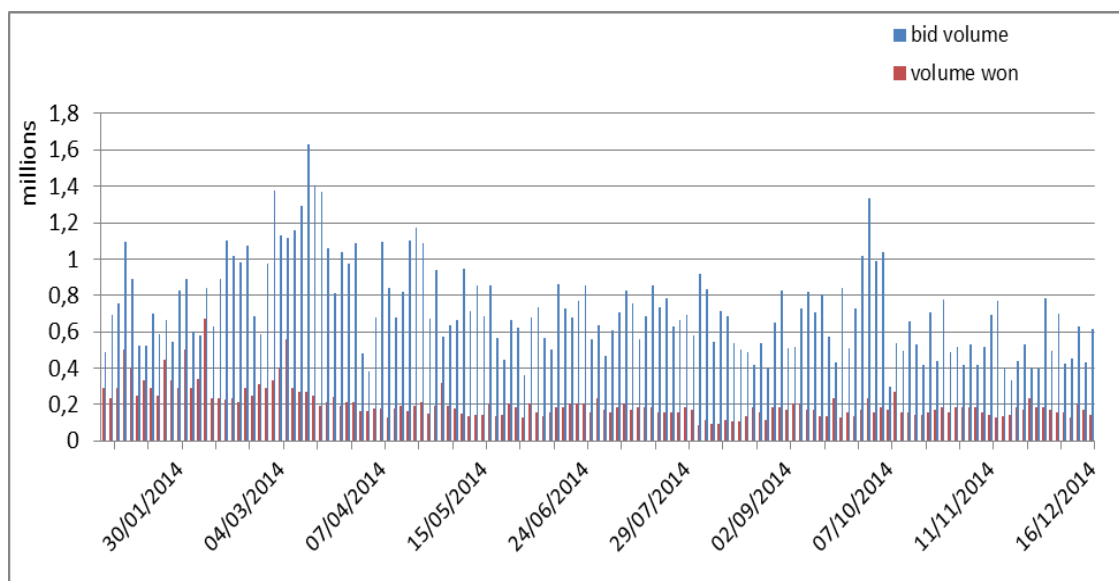
## Auctions by the transitional common auction platform

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**Graph 10** Average bid volume and volume won per bidder.



**Graph 11** Average bid volume and volume won per bidder as from January 2014.



## Auctions by the transitional common auction platform

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### Volume of successful bids per bidder category

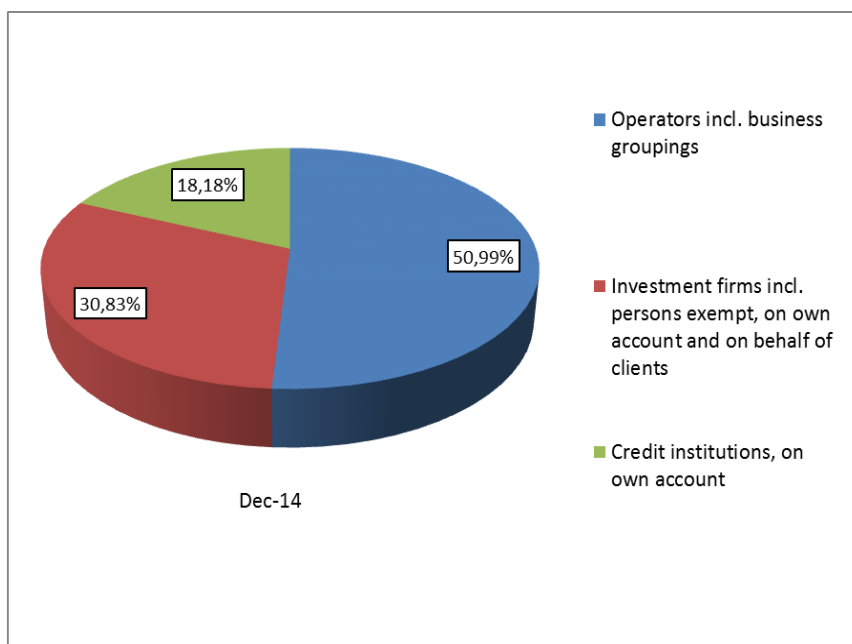
During the reporting period almost all bidders bid on their own account, with 0.29% of the volume submitted by intermediaries on behalf of a client. *Operators*, including business groupings of *operators*, accounted for 50.99% of the total successful bid volume during the reporting period, compared to 67.59% in October (see Graph 12).

Investment firms, including *persons exempt*, accounted for 30.83% of the total volume of successful bids during the reporting period, compared to 13.55% in November 2014.

Credit institutions accounted for 18.18% of the total auctioned volume during the reporting period, compared to 18.86% in November 2014.

However, the shares of successful bids per category showed some fluctuations over the period. The standard deviation of the shares was 18% points, 14% points, 12% points and 7% points for operators (including business groupings of operators), investment firms, credit institutions and *persons exempt* respectively.

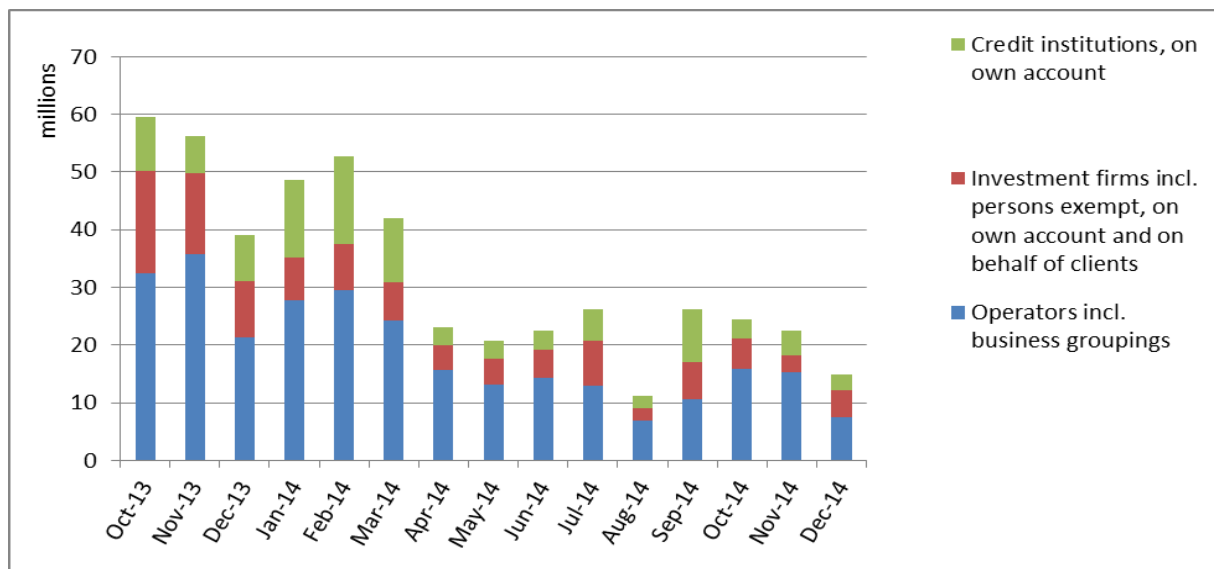
**Graph 12:** Volume of successful bids per bidder category.



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**Graph 13** Volume of successful bids per bidder category as from October 2013.



### The Herfindahl-Hirschman Index (HHI) of successful bids

The Herfindahl-Hirschman Index (HHI) of successful bids is used by EEX to measure market concentration. The HHI is calculated as the sum of the squares of all successful bidders' shares (in % points) of the total auctioned volume per auction. The HHI ranges from a value of 0 (perfect competition) to 10 000 (a single monopolistic buyer).

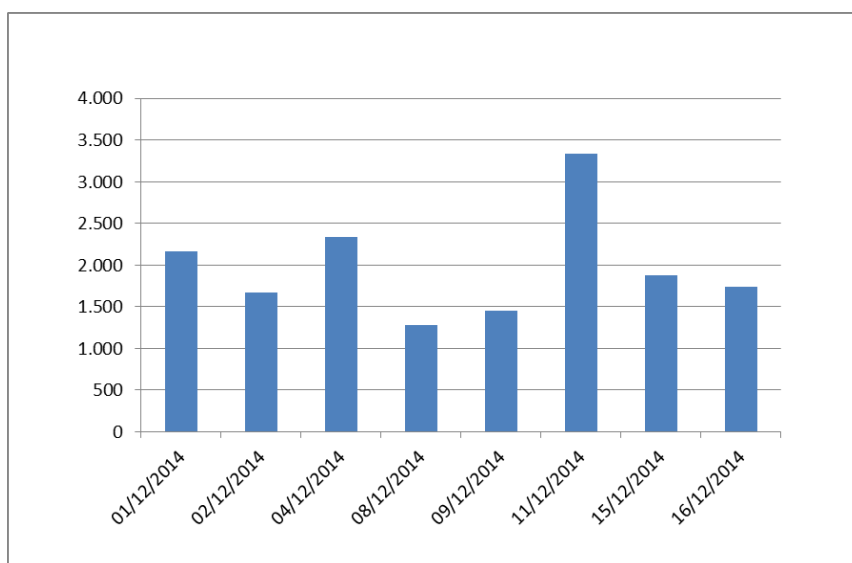
A common interpretation of the HHI is that a score below 1 500 is 'not-concentrated', between 1 500 and 2 500 is 'moderately concentrated,' and above 2 500 is 'highly concentrated'.

In general, the HHI of successful bids moved between about 1 300 and 3 300 (see Graph 14), and the monthly average of the HHIs for each auction during the reporting period was 1 982. The HHI calculated as the sum of the squares of all successful bidders' shares (in % points) of the total auctioned volume in the reporting period was 877.

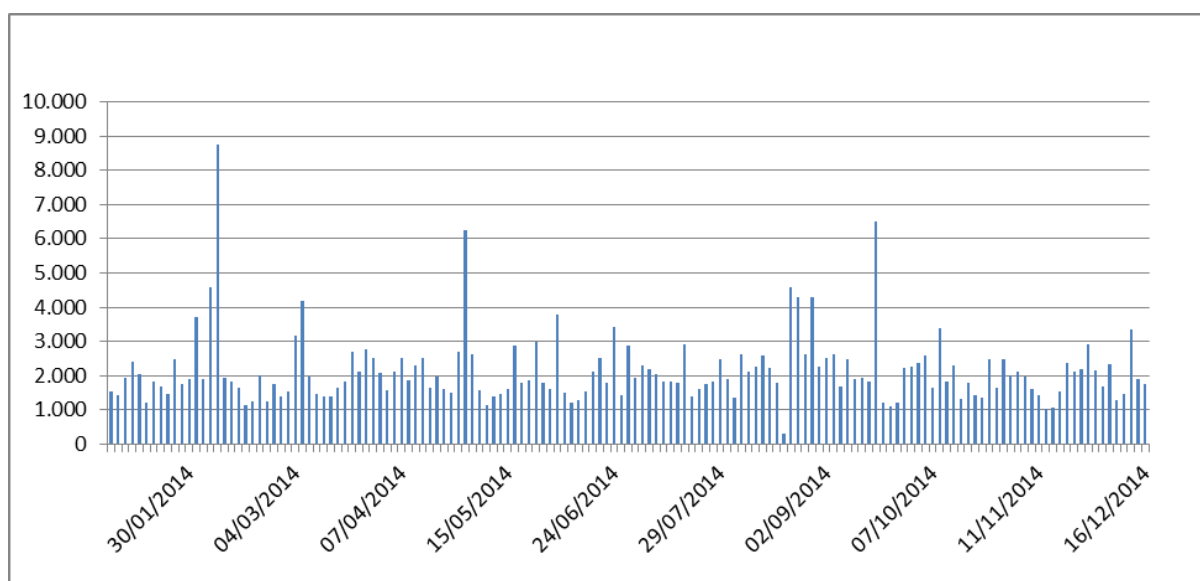
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**Graph 14** Herfindahl-Hirschman Index.



**Graph 15** Herfindahl-Hirschman Index as from January 2014 (lower means less market concentration).



## Auctions by the transitional common auction platform

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### Section 1.2. Aviation allowances auctions – annual overview 2014

The auctioning of aviation allowances restarted as of September 2014<sup>4</sup>. Pursuant to the published auction calendar, only aviation allowances for the calendar year 2012 will be auctioned in 2014<sup>5</sup>; the aviation allowances for the calendar years 2013-2015 volumes will be auctioned in 2015, in accordance with the published 2015 auction calendar. Accordingly, Croatia will not auction aviation allowances in 2014, as they joined the EU in July 2013. Poland decided to aggregate the aviation allowances for the calendar years 2012 to 2015 in a single auction to be held in 2015.

During 2014, EEX, in its capacity as the transitional common auction platform, performed four auctions for a total of 6 570 500 aviation allowances valid for the *third trading period* on behalf of *participating Member States*.

The total amount raised from the auction of aviation allowances held in 2014 was EUR 39 454 510. The weighted average auction clearing price was EUR 6.01 per allowance.

The total amount raised from the auctions held between September and November 2014 was EUR 39 454 510 (see Table 1 for the revenues per Member State).

**Table 3:** Overview

| Month                 | Auction volume | Bid volume | Cover ratio | Bidders | Successful bidders | Price   | Revenue      |
|-----------------------|----------------|------------|-------------|---------|--------------------|---------|--------------|
| 26 November           | 1 641 500      | 7 665 500  | 4.67        | 14      | 7                  | € 6.90  | € 11 326 350 |
| 1 and 29 October 2014 | 3 286 000      | 14 685 000 | 4.47*       | 13.5*   | 8*                 | € 5.71* | € 18 763 060 |
| 3 September 2014      | 1 643 000      | 5 851 000  | 3.56        | 11      | 9                  | € 5.70  | € 9 365 100  |

\* simple average

\*\*volume-weighted average (when the volume of allowances sold varied between auctions within a month, see auction volumes in Annex I)

#### Auction clearing price, maximum and minimum price bid

The highest prices bid in the 4 auctions were on average EUR 0.32 per aviation allowance above the clearing price, the lowest prices bid in the auction were EUR 2.17 per aviation allowance below the clearing price.

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<sup>4</sup> The auctions were suspended end 2012, see the Regulatory update published by the Commission on 16 November 2012 [http://ec.europa.eu/clima/news/articles/news\\_2012111601\\_en.htm](http://ec.europa.eu/clima/news/articles/news_2012111601_en.htm)

<sup>5</sup> See also the regulatory update published by the Commission on 29 July 2014; [http://ec.europa.eu/clima/news/articles/news\\_2014072901\\_en.htm](http://ec.europa.eu/clima/news/articles/news_2014072901_en.htm)

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### Cover ratio

The average *cover ratio* — the bid volume as a proportion of the available volume in the auctions — for the four auctions was 4.29.

### Number of bidders

In total, 17 different bidders participated in the auctions, of which nine participated in all four auctions. With a total volume of bids amounting to 28 201 500 allowances, this makes an average of 1 658 912 aviation allowances per bidder. With a total of 6 570 500 allowances auctioned and 14 successful bidders, this makes an average of 469 321 aviation allowances per successful bidder.

### Average bid volume per bidder and average volume won by successful bidders

In the four auctions, the average bid volume per bidder was 542 831. The average number of bids per bidder was 4.14. The average bid size was 141 709. The average volume won by successful bidders per auction was 208 581 aviation allowances.

### HHI

The average HHI of successful bids for the four auctions was 1 411.

## Auctions by the transitional common auction platform

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### Section 3. Implementation of and compliance with the applicable rules

#### Fair and open access

EEX verified that each auction participant belonged to one of the categories of eligible bidders set out in Article 18 of the *Auctioning Regulation*. During the reporting period, the number of eligible bidders was 65. Most of the active participants in the carbon market are assumed to have been admitted to bid in the auctions<sup>6</sup>.

Of the 65 companies eligible to bid in the auctions (including auction only participants), 45 were EU ETS operators, 9 were *investment firms* and 6 were *credit institutions* (see Table 4). The 5 other companies eligible to bid in the auctions were *persons exempt* from the authorisation requirements in EU financial law, because their trading and investment services activities are only ancillary to their main business (Article 2(1)(i) of Directive 2004/39/EC), that were authorised under national legislation implementing the Auctioning Regulation to bid for allowances in the auctions.

Throughout the period, EEX actively promoted the auctions in view of attracting bidders.

**Table 4 Eligible bidders per category at the end of the reporting period**

| Number of participants                                                        | Operators  |          | Investment firms | Credit Institutions | Business groupings | Persons exempt From MiFID requirements (Article 2(1)(i) Directive 2004/39/EC) | Total |
|-------------------------------------------------------------------------------|------------|----------|------------------|---------------------|--------------------|-------------------------------------------------------------------------------|-------|
|                                                                               | Stationary | Aircraft |                  |                     |                    |                                                                               |       |
| Participants admitted to EEX's emissions <i>spot secondary market</i>         | -          | -        | -                | -                   | -                  | -                                                                             | 115   |
| Participants eligible to bid in the auctions                                  | 44         | 1        | 9                | 6                   | 0                  | 5                                                                             | 65    |
| (Of which:) Participants eligible to bid in the auctions on behalf of clients | -          | -        | 2                | 2                   | -                  | 1                                                                             | 5     |
| (Of which:) Auction-only participants                                         | 2          | 0        | 0                | 0                   | 0                  | 0                                                                             | 2     |

Two of the admitted participants are using the option of '*auction-only access*' to the auctions.

No irregularities or deviations from the admission and access requirements were found.

<sup>6</sup> This assessment is based on the auction participants' activity in EEX's secondary market and general market knowledge of EEX

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### Transparency

The results were published in accordance with Article 61 of the *Auctioning Regulation*, not later than 15 minutes after the close of the *bidding window*.

EEX revised its webpage on auctioning where necessary for keeping it up to date.

### Technical and operational aspects

No irregularities or deviations from the requirements were found as regards the auctions themselves or the *clearing* and *settlement* processes.

EEX's Market Surveillance department surveyed all auctions with a view to detecting any *market abuse*, money laundering, terrorist financing or other criminal activities. No such wrongdoing was publicly reported. EEX's Market Surveillance department takes its instructions only from SMWA (Saxony's Ministry for Economy and Employment) and is independent of the exchange itself.

No infringements of the confidentiality requirements were identified.

### Other aspects

No problems or issues were identified as regards coordination of the auctions between the various auction platforms.

## **Section 4. Overview of, and any updates on breaches of provisions or ongoing proceedings**

No breaches or problems of non-conformity were reported. There were no proceedings on such breaches or problems of non-conformity dating from before the reporting period.

## **Approval of the report**

### **Comments of the auction platform on the draft of this report and the way they have been taken into account**

EEX made no comments on the report.

**Date of approval by the Member States: 10/04/2015**

**Place & date: Brussels, 20/04/2015**

# Auctions by the transitional common auction platform

December 2014

## Glossary

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Auction calendar             | Document setting out the <i>bidding windows</i> , individual volumes and auction dates of the auctions in a given calendar year. See Articles 11, 13 and 32 of the <i>Auctioning Regulation</i> .                                                                                                                                                                                                                                                                                                                                                              |
| Auction-only access          | Access to the auctions without becoming a member of or participant in other markets organised by the auction platform.                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Auctioning Regulation        | Commission Regulation (EU) No 1031/2010 — Timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community, Official Journal L 302, 18.11.2010, p. 1, as subsequently amended. See: <a href="http://ec.europa.eu/clima/policies/ets/cap/auctioning/documentation_en.htm">http://ec.europa.eu/clima/policies/ets/cap/auctioning/documentation_en.htm</a> . |
| Auctioneer                   | Entity appointed by a Member State that offers the allowances to be auctioned to the auction platform and receives the auction proceeds due to the appointing Member State. See Articles 22 and 23 of the <i>Auctioning Regulation</i> .                                                                                                                                                                                                                                                                                                                       |
| Back-loading                 | Proposal by the Commission to postpone, as a short-term measure, the auctioning of 900 million allowances from the years 2013-2015 until 2019-2020. See: <a href="http://ec.europa.eu/clima/policies/ets/reform/index_en.htm">http://ec.europa.eu/clima/policies/ets/reform/index_en.htm</a> .                                                                                                                                                                                                                                                                 |
| Best-bid and best-ask prices | The best-bid price is the highest price any buyer is willing to pay and the best-ask price is the lowest price any seller is willing to accept.                                                                                                                                                                                                                                                                                                                                                                                                                |
| Business groupings           | Groupings of operators or aircraft operators. See Article 18(1)(d) of the <i>Auctioning Regulation</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Bidding window               | Time during which bidders can submit bids. See Article 8(1) of the <i>Auctioning Regulation</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Clearing                     | Processes preceding the opening of the bidding window, during the bidding window and following the closure of the bidding window until settlement, involving the management of any risks arising during that interval including margining, netting or novation or any other services carried out possibly by a clearing or settlement system. See Article 3(31) of the <i>Auctioning Regulation</i> .                                                                                                                                                          |
| Cover ratio                  | Total bid volume divided by the available volume in the auction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Credit institution           | Credit institution as defined in EU legislation on credit institutions (Article 4(1) of Directive 2006/48/EC).                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| ETS Directive                | Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending                                                                                                                                                                                                                                                                                                                                                                    |

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Council Directive 96/61/EC, OJ L 275, 25.10.2003, p. 32, as subsequently amended. See:

[http://ec.europa.eu/clima/policies/ets/documentation\\_en.htm](http://ec.europa.eu/clima/policies/ets/documentation_en.htm)

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EU general allowance (EUA)   | Allowance to emit one tonne of CO <sub>2</sub> -equivalent, see Article 3(a) of the <i>ETS Directive</i> .                                                                                                                                                                                                                                                                                                                                       |
| EU aviation allowance (EUAA) | Allowance to emit one tonne of CO <sub>2</sub> -equivalent that can be used by aircraft operators. See Article 12(2a) and (3) of the <i>ETS Directive</i> .                                                                                                                                                                                                                                                                                      |
| Investment firms             | Investment firms as defined in EU financial markets legislation (point (1) of Article 4(1) of Directive 2004/39/EC).                                                                                                                                                                                                                                                                                                                             |
| Market abuse                 | Insider dealing and market manipulation. See Article 36 of the <i>Auctioning Regulation</i> and Article 1 of Directive 2003/6/EC ('Market Abuse Directive').                                                                                                                                                                                                                                                                                     |
| Participating Member States  | All EU Member States except Germany, Poland and the UK, which decided to opt out from the joint procurement of a common auction platform pursuant to Article 30 of the <i>Auctioning Regulation</i> .                                                                                                                                                                                                                                            |
| Persons exempt               | Persons exempt from the authorisation requirements in EU financial law because their trading and investment services activities are only ancillary to their main business (Article 2(1)(i) of Directive 2004/39/EC) and that have been authorised under national legislation implementing the rules laid down in the <i>Auctioning Regulation</i> to bid for allowances in the auctions. See Article 18(2) of the <i>Auctioning Regulation</i> . |
| Secondary market             | Market in which persons buy or sell allowances either before or after they are allocated either free of charge or through auctioning. To be distinguished from the 'primary market', which consists of the auctions of allowances.                                                                                                                                                                                                               |
| Settlement                   | Payment on delivery of the allowances. See Article 3(34) of the <i>Auctioning Regulation</i> .                                                                                                                                                                                                                                                                                                                                                   |
| Spot secondary market        | Secondary market for allowances with delivery within 5 days from the transaction.                                                                                                                                                                                                                                                                                                                                                                |
| Stop-the-clock proposal      | Proposal by the Commission to exempt from enforcement flights into and out of Europe operated in 2010, 2011, and 2012 to provide negotiation time for the ICAO General Assembly in autumn 2013. The proposal was adopted on 24 April 2013. See: <a href="http://ec.europa.eu/clima/policies/transport/aviation/index_en.htm">http://ec.europa.eu/clima/policies/transport/aviation/index_en.htm</a> and OJ L115 of 25 April 2013, p.1.           |
| TARGET-2 bank account        | Bank account in the TARGET2 system, which is an interbank payment system for real-time processing of cross-border transfers throughout the European Union. TARGET2 replaced TARGET (Trans-European Automated Real-time Gross Settlement Express Transfer System) in November 2007.                                                                                                                                                               |

## **Auctions by the transitional common auction platform**

### **December 2014**

Third trading period

The period 2013-2020. Allowances are valid during a given period without distinction as regards the year within that period. See Article 13 of the *ETS Directive*.

## Annex 1 Results of individual auctions

| General allowances |                                     |                       |                       |                    |                         |                           |                            |                |                               |                                    |                    |
|--------------------|-------------------------------------|-----------------------|-----------------------|--------------------|-------------------------|---------------------------|----------------------------|----------------|-------------------------------|------------------------------------|--------------------|
| Date               | Auction<br>Clearing<br>Price €/tCO2 | Minimum<br>Bid €/tCO2 | Maximum<br>Bid €/tCO2 | Mean Bid<br>€/tCO2 | Median<br>Bid<br>€/tCO2 | Auction<br>Volume<br>tCO2 | Total<br>Amount of<br>Bids | Cover<br>Ratio | Total<br>Number of<br>Bidders | Number of<br>Successful<br>Bidders | Total<br>Revenue € |
| 16/12/2014         | 6.93                                | 1.59                  | 7.25                  | 5.85               | 6.86                    | 1,727,500                 | 9,218,000                  | 5.34           | 15                            | 12                                 | 11,971,575         |
| 15/12/2014         | 6.60                                | 6.40                  | 7.00                  | 6.58               | 6.59                    | 1,873,000                 | 6,472,000                  | 3.46           | 15                            | 11                                 | 12,361,800         |
| 11/12/2014         | 6.65                                | 6.00                  | 6.90                  | 6.57               | 6.63                    | 1,873,000                 | 10,048,000                 | 5.36           | 16                            | 9                                  | 12,455,450         |
| 09/12/2014         | 6.60                                | 1.59                  | 7.00                  | 5.63               | 6.56                    | 1,873,000                 | 8,547,000                  | 4.56           | 19                            | 15                                 | 12,361,800         |
| 08/12/2014         | 6.58                                | 6.38                  | 6.66                  | 6.55               | 6.56                    | 1,873,000                 | 6,811,000                  | 3.64           | 16                            | 12                                 | 12,324,340         |
| 04/12/2014         | 6.77                                | 6.00                  | 7.20                  | 6.73               | 6.78                    | 1,873,000                 | 11,191,000                 | 5.97           | 16                            | 12                                 | 12,680,210         |
| 02/12/2014         | 7.00                                | 6.80                  | 7.50                  | 7.03               | 7.04                    | 1,873,000                 | 6,918,000                  | 3.69           | 14                            | 11                                 | 13,111,000         |
| 01/12/2014         | 6.95                                | 1.59                  | 7.04                  | 5.72               | 6.90                    | 1,873,000                 | 9,405,000                  | 5.02           | 12                            | 10                                 | 13,017,350         |

