



EU EMISSIONS TRADING SCHEME

Member States approve ETS auctioning rules

Member States have unanimously approved European Commission proposals for rules governing the auctioning of carbon allowances from 2013 under the EU's Emission Trading Scheme (ETS). The draft Regulation covers auctions of allowances valid for the third and later trading periods, including any early auctions of such allowances before 2013.

The agreement establishes a central EU auctioning platform but, under pressure from several Member States, allows countries to operate their own should they choose to. Germany, Poland, Spain and the UK, have pushed continuously for their right to set up national auctioning platforms. The Commission believes that a single platform would have been the most stable and cost-efficient method.

Member States that decide to opt out of the central platform will, however, be subject to tough controls and will be monitored by the EU. The Commission will be given the power to propose suspending these platforms if they breach ETS auctioning rules. Nevertheless, national platforms will be able to set their own auction dates and volumes. Auctioning will progressively replace free allocation as the main method for allocating ETS allowances from 2013.

From the start of the third trading period in 2013, auctioning will progressively replace free allocation as the main method for allocating allowances to all EU ETS sectors except aviation. In 2013 at least half of the total volume of allowances is expected to be auctioned. For aviation, 15% of allowances will be auctioned in 2012 and this proportion will stay the same in subsequent years.

The European Parliament will have three months to scrutinise the draft rules. If no objection is raised before the 14th of October 2010, the proposal will be adopted by the Commission. The Commission will then begin preparations for the procurement of the common auctioning platform, jointly with the participating Member States.

The draft auctioning regulation can be found here:

http://ec.europa.eu/environment/climat/emission/pdf/draft_auct_reg_14072010.pdf