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Key learnings from German EUA primary market auctions

CARBON EXPO

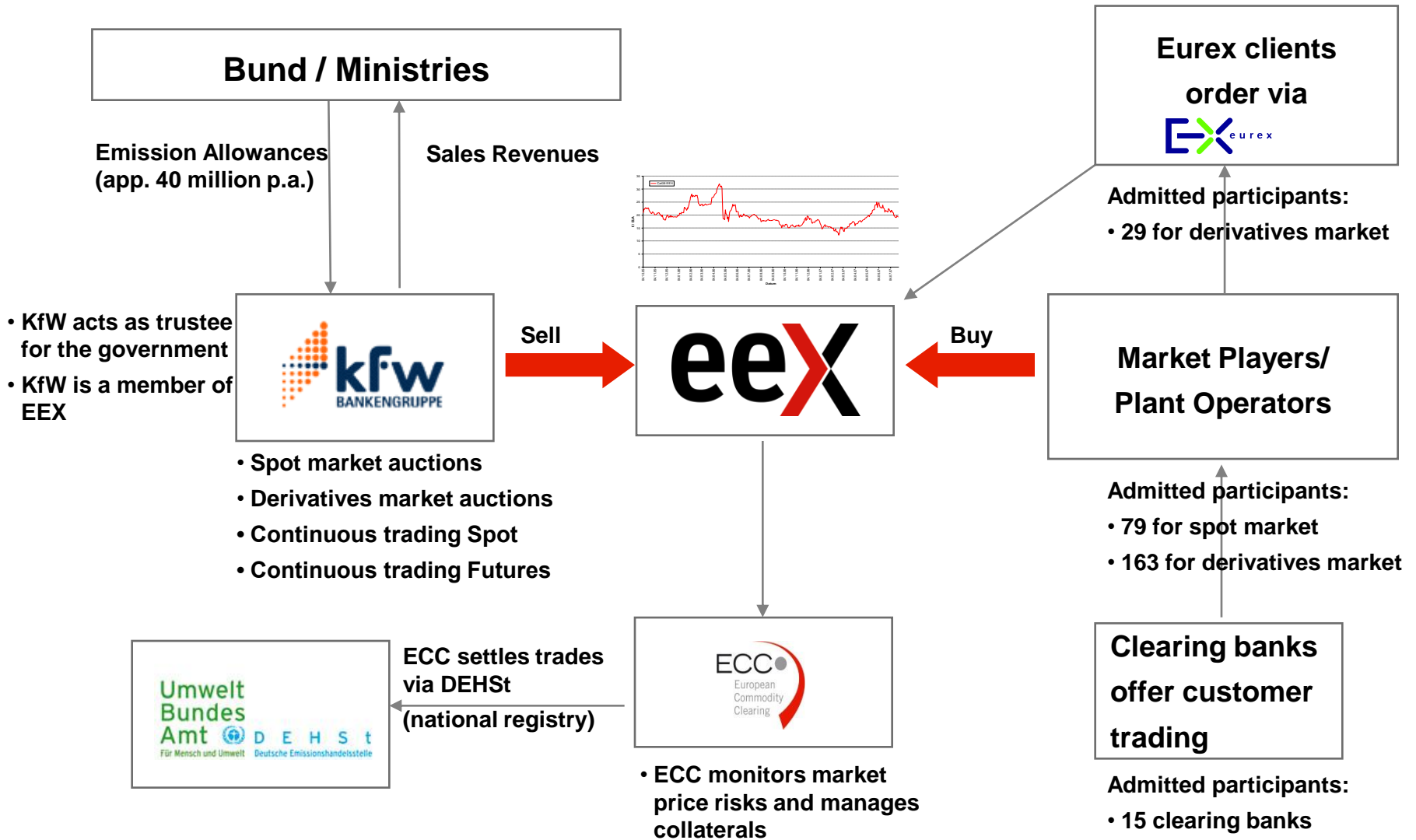
Barcelona, June 1, 2011

1. The German EUA primary auction at EEX

- a) Background and regulation

- b) Auction experiences since 2010

- German guideline EHVV 2012 for emission trading sets the framework for the annual auction of emission certificates
- EEX provide its electronic trading platforms for the auctioning of spot and derivatives contracts
- All already admitted participants for CO2 trading at the EEX have the possibility to take part in the auctions without any additional obligation
- The ECC carries out clearing and settlement
- From January auction of 870,000 EUAs every week
 - 300,000 certificates on the spot market
 - 570,000 certificates on the derivatives market
 - From November 870,000 certificates to be auctioned weekly through spot market



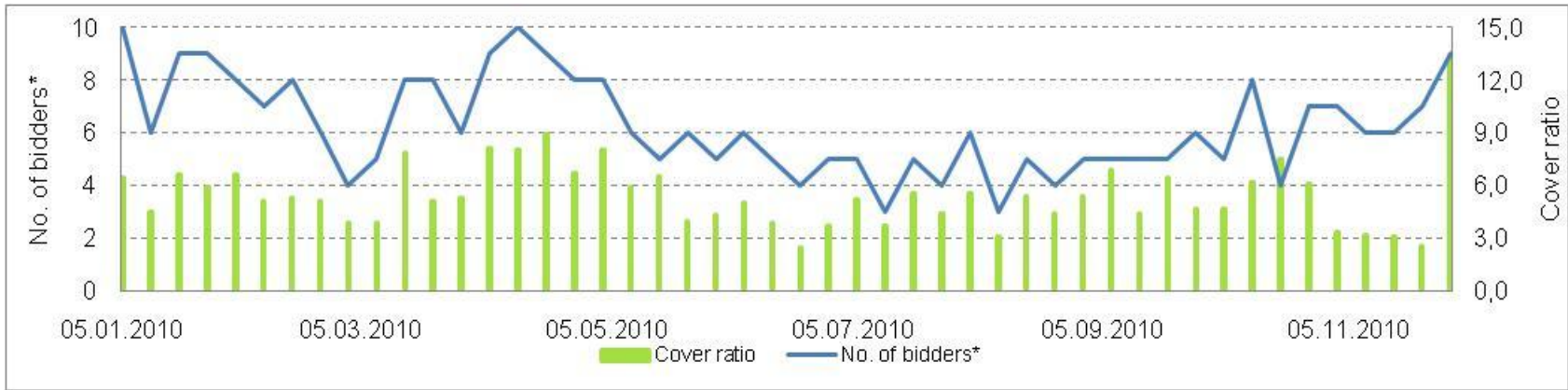
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- a) Background and regulation

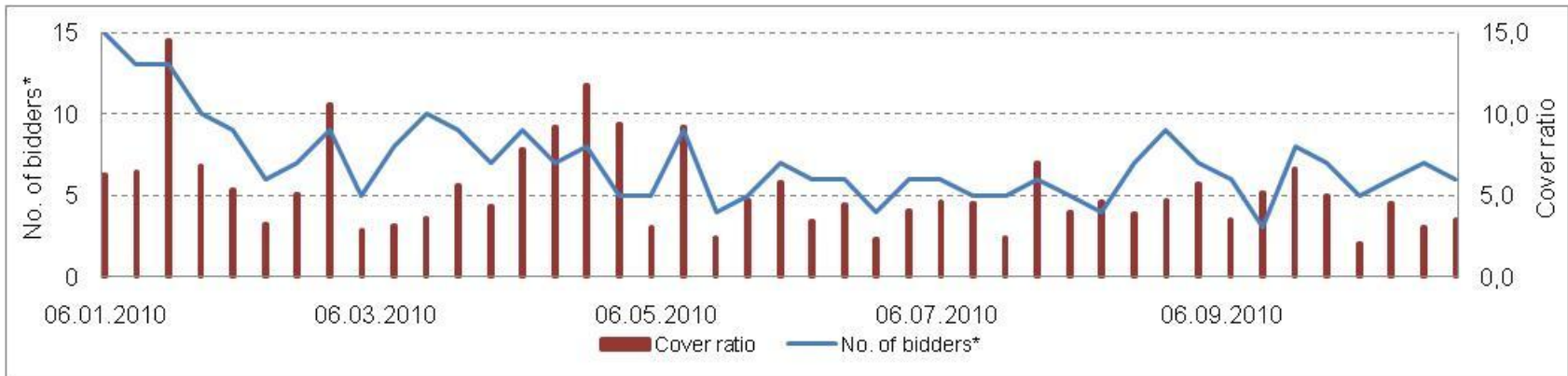
- b) Auction experiences since 2010

Statistics were showing huge interest in 2010s primary auction

- Spot auction, Tuesdays 11am CET, 300.000 certificates



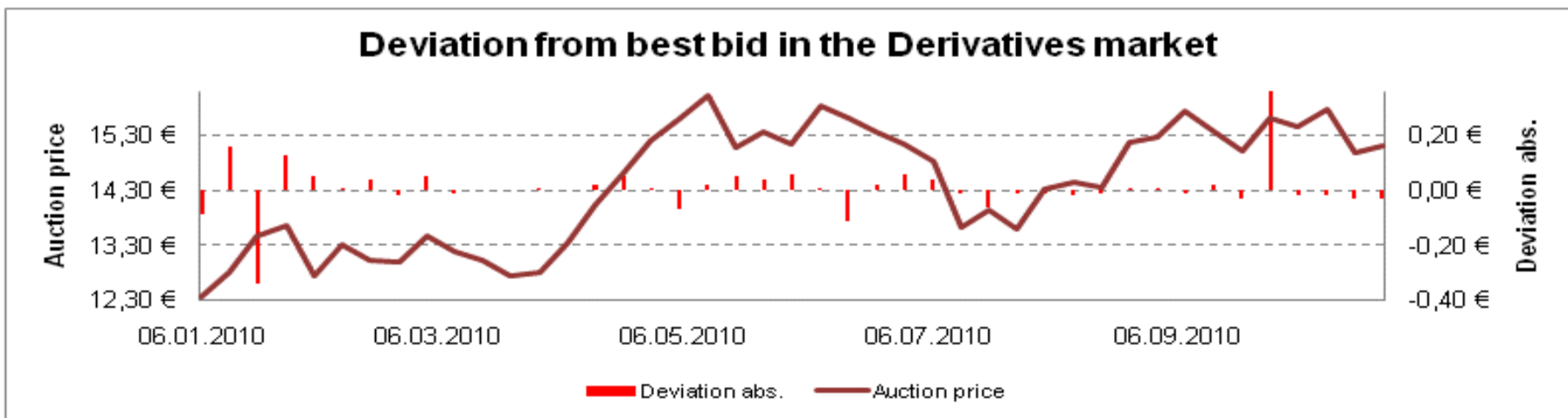
- Derivatives auction, Wednesdays 3pm CET, 570.000 certificates



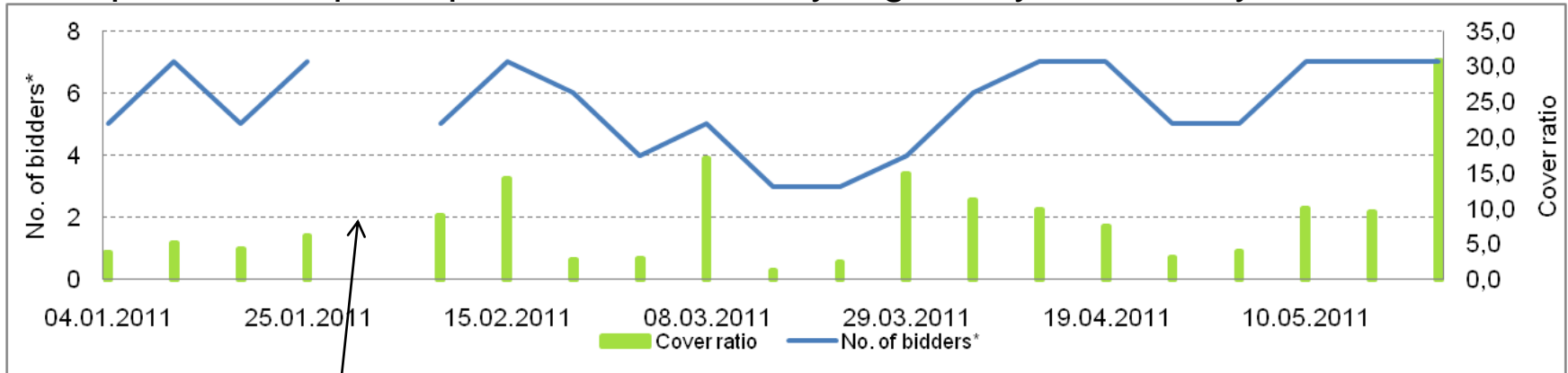
* No separation between direct bidders and intermediaries

Auctions were placed at secondary market price level

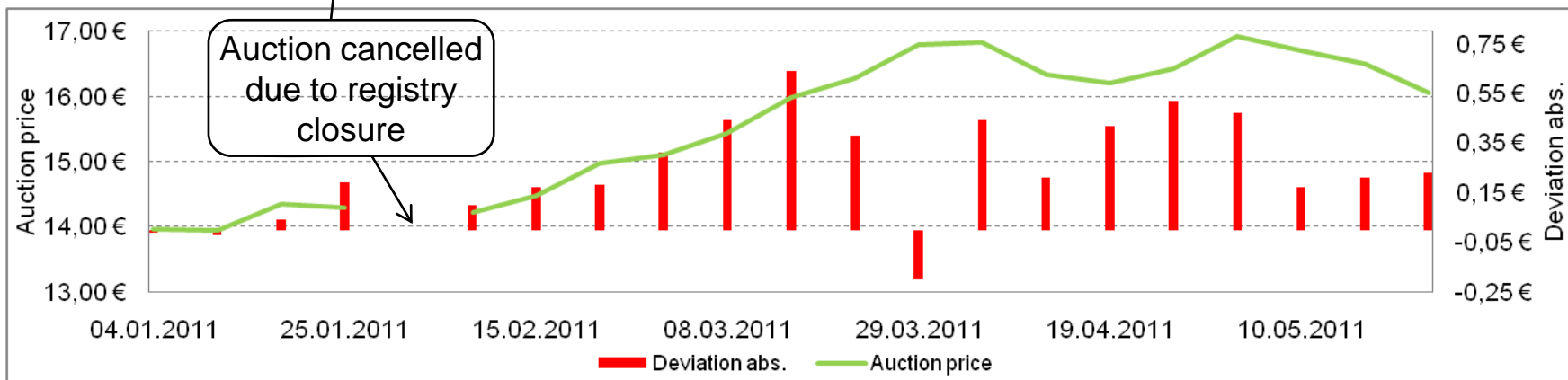
- Average deviation from best bid: +2.3ct in Spot & +1.2ct in Derivatives Market



- Spot auction participation influenced by regulatory uncertainty

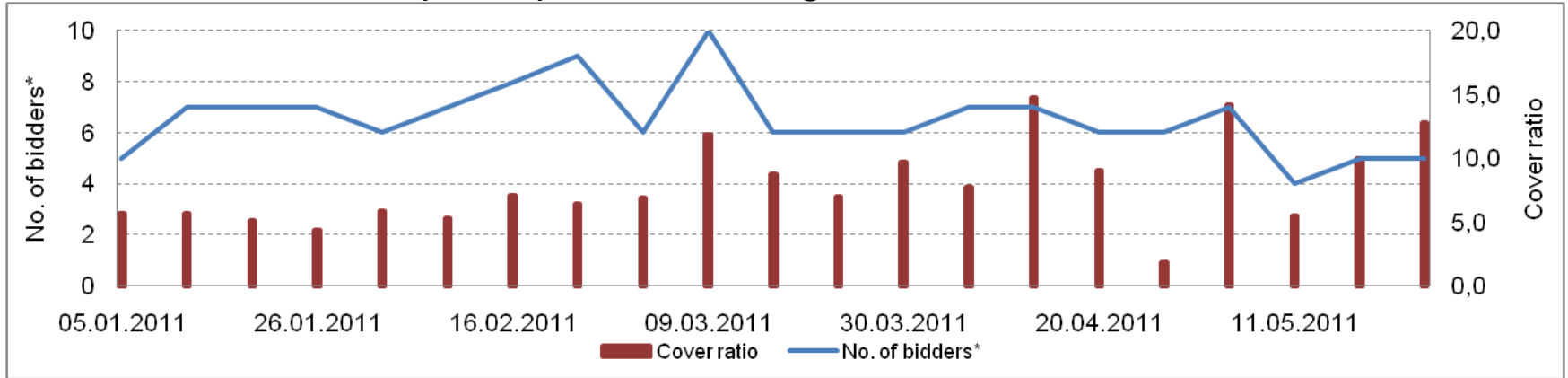


- Auction price 25 cents higher than best bid on average

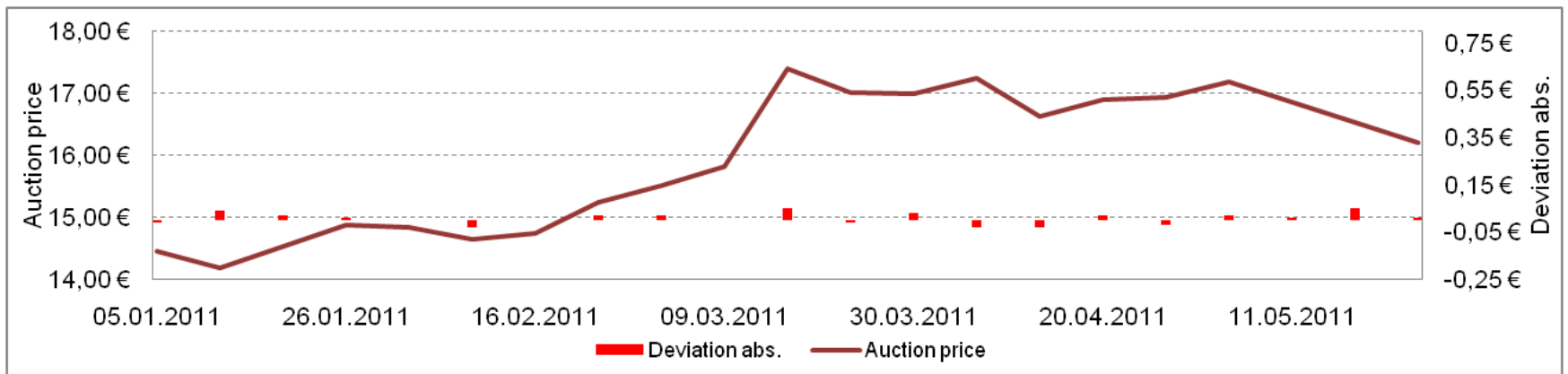


* No separation between direct bidders and intermediaries

- Around 7 bidders participate on average



- Deviation from best bid in the derivatives market: plus 0.8 cents on average



* No separation between direct bidders and intermediaries



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 **Many thanks for your attention!**