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AUCTIONS BY THE TRANSITIONAL COMMON AUCTION PLATFORM

The world's largest auctioning of emissions allowances

November 2014

Auctions by the transitional common auction platform

November 2014

Auction platform: European Energy Exchange (EEX)

Auction dates/reporting period:

General allowances (EUAs): 3, 4, 6, 10, 11, 13, 17, 18, 20, 24, 25, 27 November 2014

Aviation allowances (EUAAAs): 26 November 2014

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

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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.¹

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.

¹ 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 November 2014. In that period, EEX, in its capacity as the common auction platform, auctioned a total of 22 476 000 *EU general emission allowances* in 12 auctions and 1 641 500 *aviation emission allowances* in 1 auction 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.

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 November auctions at a glance:

	November 2014	
	General allowances	Aviation allowances
General		
Total volume auctioned	22 476 000	1 641 500
Amount raised from the auctions (€)	152 218 710	11 326 350
Average clearing price (€/allowance)	6.77	6.90
Total bid volume	91 484 000	7 665 500
Average Cover ratio	4.07	4.67
Participation		
Number of eligible bidders	65	65
Number of participating bidders	27	14
Number of successful bidders	23	7
Average number of bidders per auction	15.4	14
Average number of successful bidders per auction	11.3	7
Auction data		
Average total volume bid per bidder	487 754	547 536
Average bid size (volume per bid)	132 316	121 675
Average volume won per bidder	170 316	234 500
Average range of bids (€)	1.76	5.51

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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, the necessary arrangement for the Croatian auctioneer to be admitted and recognised by EEX and its clearing system ECC were not in place.

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)² 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 November 2014 is EUR 4 628 337 655. Further information is provided in the sections on general and on aviation allowances hereafter.

Table 1 Auction revenues per Member State³ (euro)

	General allowances		Aviation allowances		General allowances and aviation allowances
	13 November 2012 – 30 October 2014	November 2014	September 2014 – October 2014	November 2014	13 November 2012 – November 2014
Austria	111.786.985	4.388.580	838.880	338.100	117.352.545
Belgium	196.780.640	7.923.825	1.455.200	593.400	206.753.065
Bulgaria	107.854.710	1.909.845	154.080	69.000	109.987.635
Cyprus	2.359.150	0	222.560	75.900	2.657.610

² Iceland, Liechtenstein and Norway.

³ Croatia will be added to the table as soon as the conditions for the participation of the auctioneer of Croatia in the auctions have been fulfilled

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	General allowances		Aviation allowances		General allowances and aviation allowances
	13 November 2012 – 30 October 2014	November 2014	September 2014 – October 2014	November 2014	13 November 2012 – November 2014
Czech Republic	133.919.370	1.056.510	325.280	141.450	135.442.610
Denmark	97.690.560	3.941.595	821.760	341.550	102.795.465
Estonia	25.073.375	162.540	34.240	3.450	25.273.605
Greece	274.617.310	10.890.180	787.520	310.500	286.605.510
Spain	693.385.975	27.062.910	4.673.760	1.890.600	727.013.245
Finland	134.257.530	5.241.915	582.080	231.150	140.312.675
France	439.350.315	17.147.970	7.173.280	2.877.300	466.548.865
Hungary	87.079.100	4.713.660	205.440	82.800	92.081.000
Ireland	71.835.030	2.925.720	616.320	255.300	75.632.370
Italy	773.719.370	30.232.440	3.732.160	1.511.100	809.195.070
Lithuania	38.188.885	1.381.590	34.240	24.150	39.628.865
Luxemburg	9.558.055	365.715	445.120	186.300	10.555.190
Latvia	21.628.525	853.335	102.720	37.950	22.622.530
Malta	8.018.820	325.080	68.480	31.050	8.443.430
The Netherlands	268.142.785	10.524.465	3.903.360	1.566.300	284.136.910
Poland	322.031.455	0	0	0	322.031.455
Portugal	140.270.365	5.526.360	907.360	365.700	147.069.785
Romania	248.786.065	6.664.140	239.680	82.800	255.772.685
Sweden	71.490.080	2.803.815	736.160	286.350	75.316.405
Slovenia	35.422.255	1.381.590	34.240	13.800	36.851.885
Slovak Republic	123.417.725	4.794.930	34.240	10.350	128.257.245
TOTAL	4.436.664.435	152.218.710	28.128.160	11.326.350	4.628.337.655

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

Auctions by the transitional common auction platform

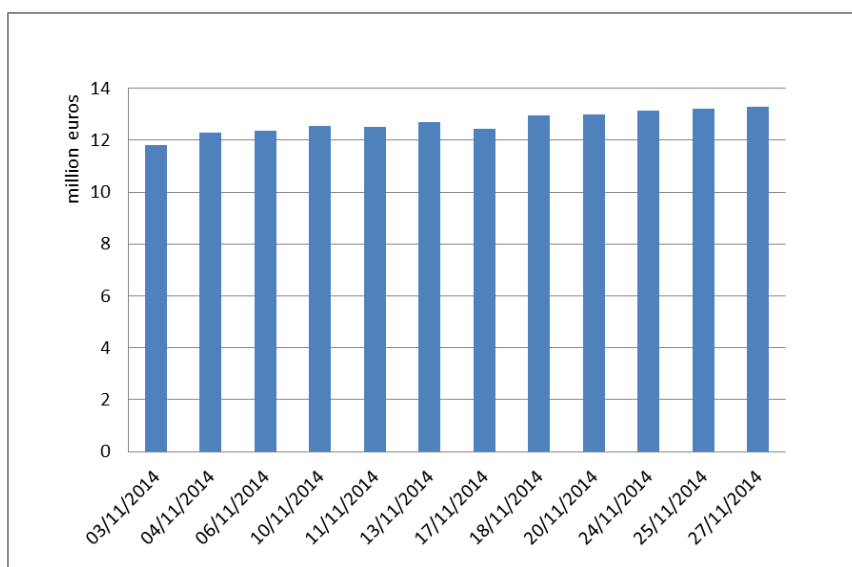
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Section 1.1. General allowances auctions

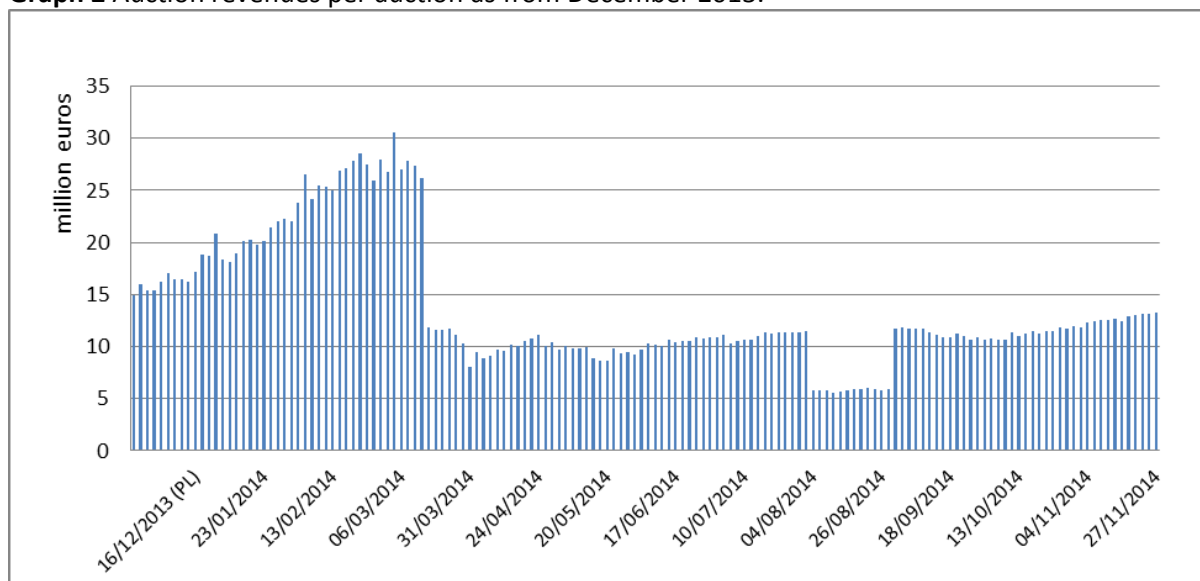
During the month of November 2014, EEX, in its capacity as the transitional common auction platform, auctioned, in 12 auctions, a total of 22 476 000 *allowances* valid for the *third trading period* on behalf of *participating Member States*.

The total amount raised from the 12 auctions held during the reporting period was EUR 152 218 710 (see Graph 1 and Table 1). Taking into account the volumes per auction, the weighted average clearing price during the reporting period was EUR 6.77 per allowance. This is an increase of EUR 0.73 per allowance compared with the previous reporting period.

Graph 1 Total auction revenue per auction (euro).



Graph 2 Auction revenues per auction as from December 2013.



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The total amount raised from the auctions held between 13 November 2012 and 31 November 2014 was EUR 4 588 883 145 (see Table 1 for the volumes per Member State).

Table 2: Overview

Month	Auction volume	Bid volume	Cover ratio	Bidders	Successful bidders	Price	Revenue
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
December 2013	39 078 000	130 983 000	3.35**	21.48**	16.09**	€ 4.61**	€ 180 068 050

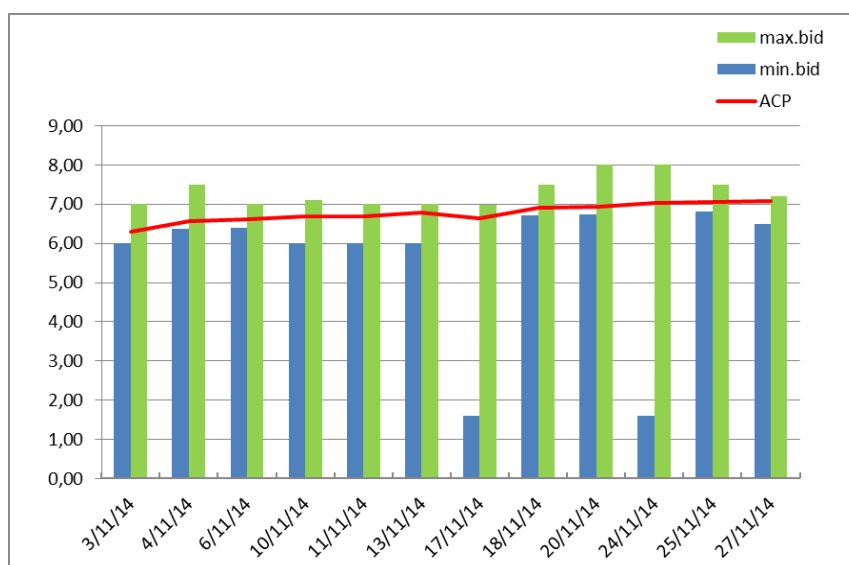
* simple average

**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 6.30 and EUR 7.09 per allowance (see Graph 3). The lowest auction clearing price in this reporting period is EUR 0.63 above the lowest auction clearing price during the previous reporting period. The highest auction clearing price in this reporting period is EUR 0.71 per allowance above the highest auction clearing price of the previous reporting period.

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



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For all but one auction, the clearing prices were within a range of EUR 0.03 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 0.01 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 showed a continuous upward trend during the reporting period.

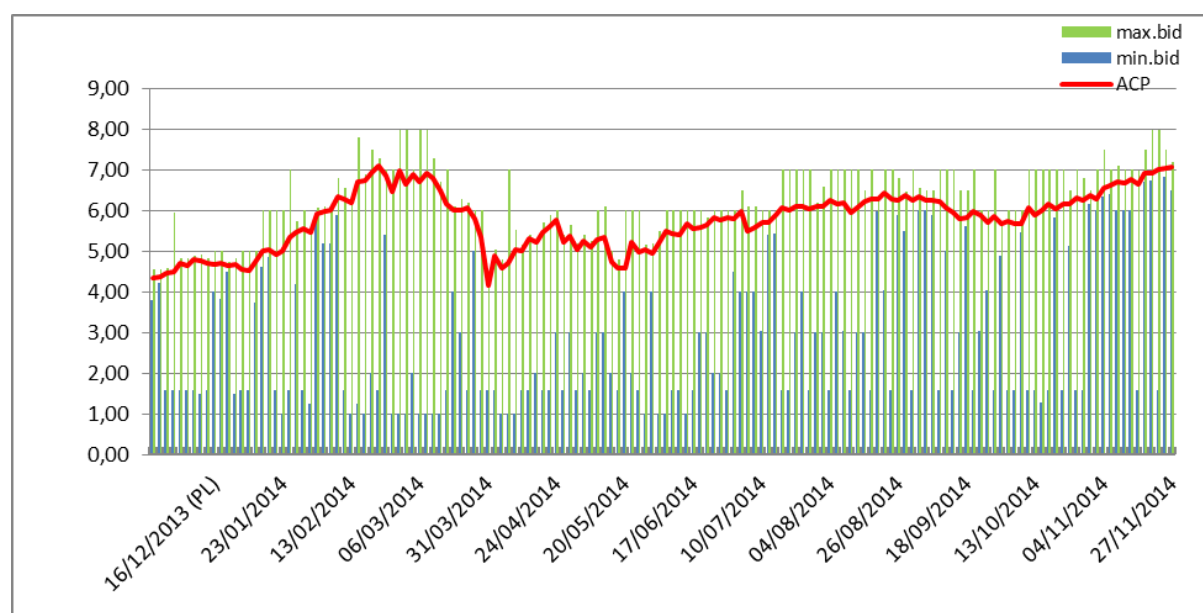
Maximum and minimum prices bid

The highest prices bid in the auctions were on average EUR 0.54 per allowance above the clearing price (see Graph 3).

The lowest prices bid in the auctions were on average EUR 1.21 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 2.08 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 December 2013.



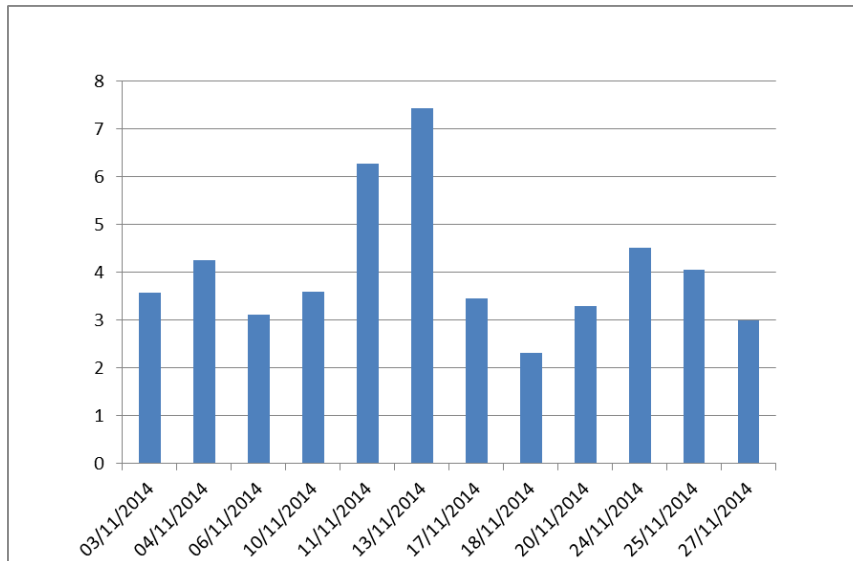
Cover ratio

The *cover ratio* — the bid volume as a proportion of the available volume in the auctions — (see Graph 5) moved between 2.32 and 7.42 during the reporting period. The average was about 20% lower than the average *cover ratio* during the previous reporting period. The lowest *cover ratio* during the reporting period was 2.32 at the auction of 18 November 2014 with the highest *cover ratio* being 7.42 at the auction of 13 November 2014.

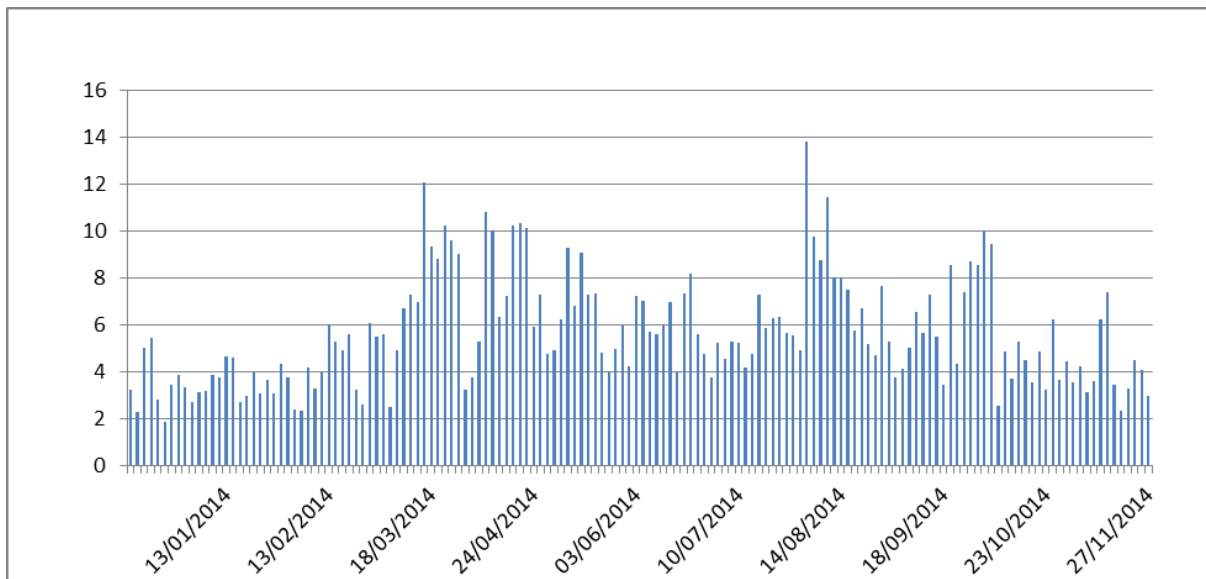
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Graph 5 Cover ratio: bid volume versus available volume.



Graph 6 Cover ratio as from December 2013: bid volume versus available volume.



Number of Bidders

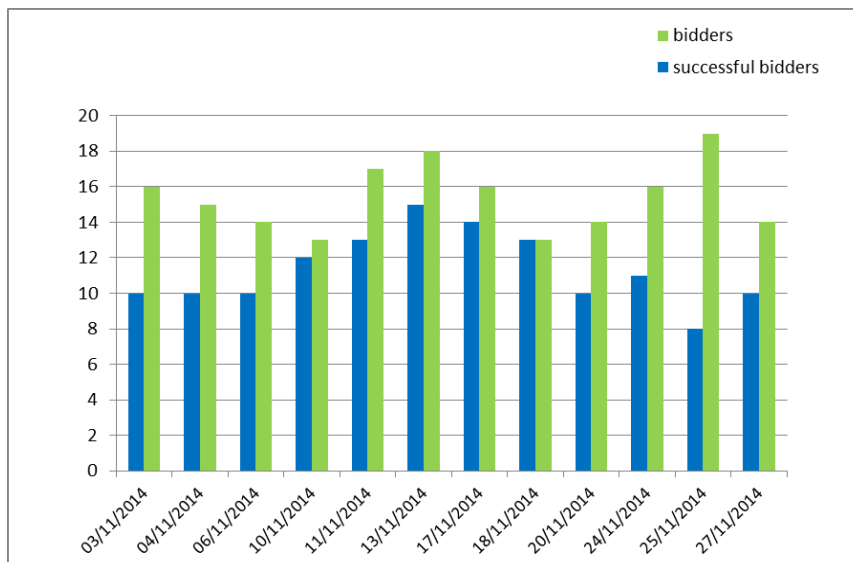
The number of active bidders per auction ranged from 13 to 19 (see Graph 7). The average number of active bidders was 15.4, which is similar to the average number of active bidders during the previous reporting period.

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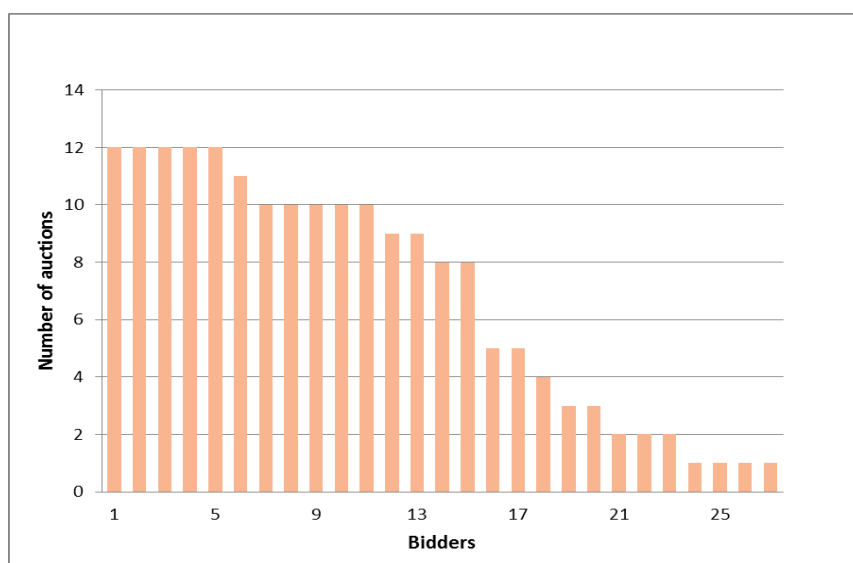
The number of successful bidders per auction ranged from 8 to 15 during the reporting period. The average number of successful bidders was 11.3, which is similar to the average number of successful bidders during the previous reporting period.

Graph 7 Number of bidders and number of successful bidders.



In total, 27 different bidders participated in the auction (see Graph 8). Five of them participated in all auctions during the reporting period. Ten of them participated only in four or fewer auctions during the reporting period.

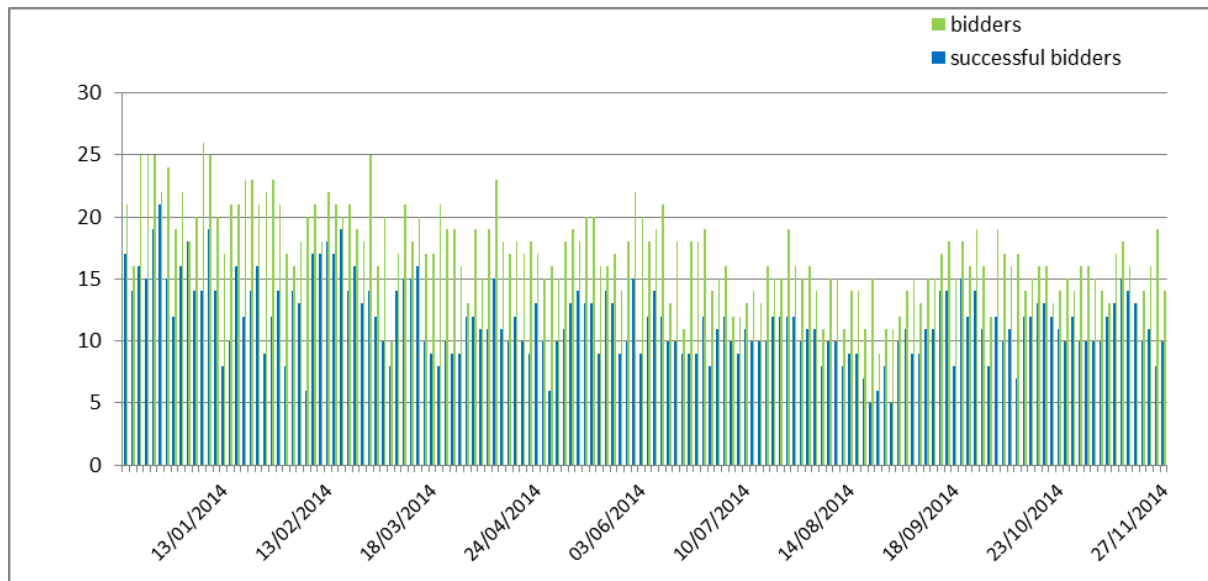
Graph 8 Number of auctions in which each bidder participated (bidders are identified by numbers).



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Graph 9 Number of bidders and successful bidders as from December 2013.



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

The total volume of bids for the 12 auctions amounted to 91 484 000 allowances, which is 26% less than the previous period. With 27 bidders during the month, this makes an average of 3 388 296 allowances per bidder. Per auction, the average total bid volume per bidder ranged from 333 923 to 772 556 allowances during the reporting period (see Graph 10), with average of 487 754, which is 20% lower than the average in October 2014. This average had an upward trend in the first half of the reporting period, but broke off to a lower flat level in the second half. The standard deviation of the average total bid volume per bidder for the individual auctions ranged from 365 072 to 1 575 896, and over the entire month was 5 218 426.

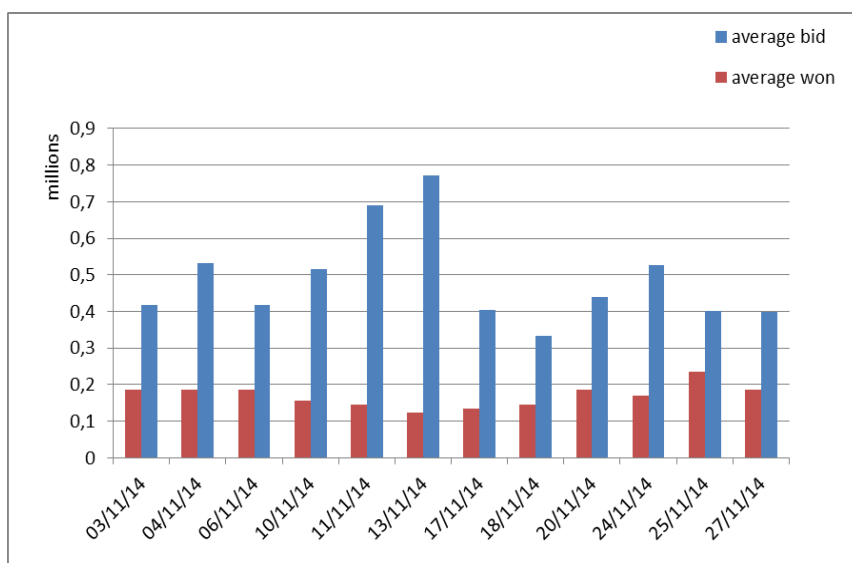
The average bid size ranged from 88 592 to 195 859 per auction, with an average over the entire month of 132 316. This average was about 16% higher than during the previous reporting period. The average number of bids per bidder ranged from 2.43 to 5.25 per auction, with an average of 3.78.

The total volume auctioned amounted to 22 476 000 allowances. With 23 successful bidders during the month, this makes an average of 977 217 allowances per successful bidder, which is 8% lower than the average in October 2014. Per individual auction, the average volume won by successful bidders ranged from 124 867 to 234 125 allowances, with average of 170 316 which is 1% lower than the average in October. This average did not show a clear upward or downward trend during the reporting period. The standard deviation ranged from 90 257 to 259 059, and over the entire month was 1 167 373.

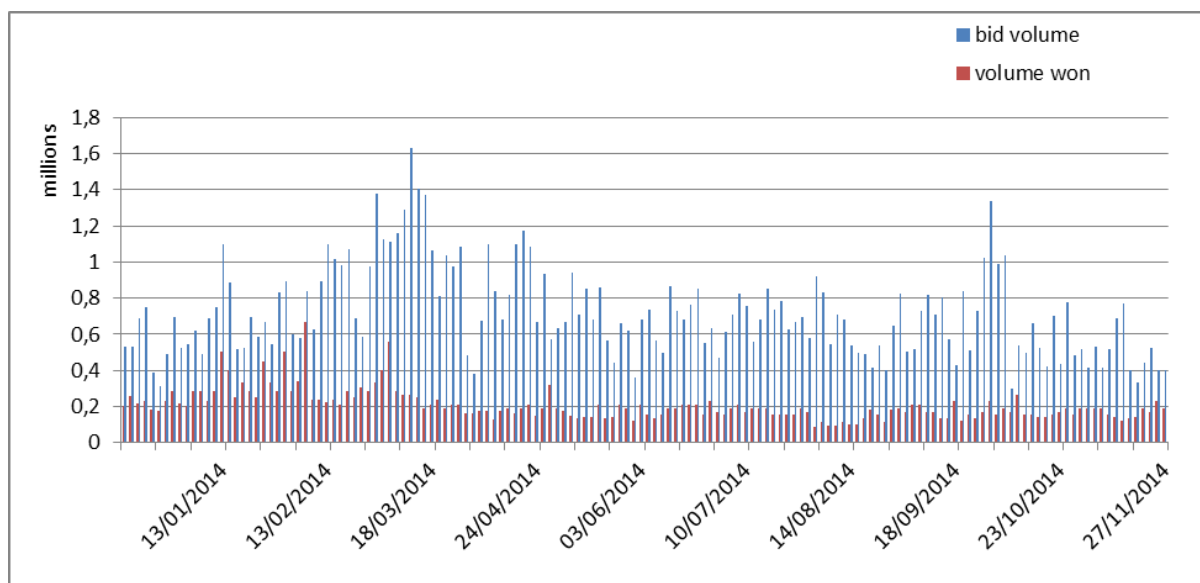
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Graph 10 Average bid volume and volume won per bidder.



Graph 11 Average bid volume and volume won per bidder as from December 2013.



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Volume of successful bids per bidder category

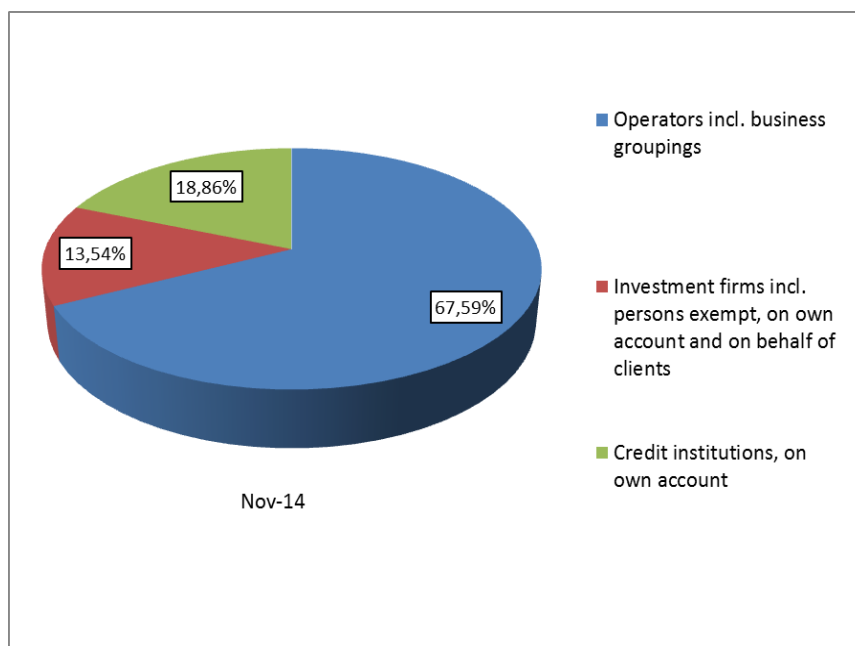
During the reporting period almost all bidders bid on their own account, with 0.29% of the volume submitted by intermediaries on behalf of a client. *Operators*, including business groupings of *operators*, accounted for 67.59% of the total successful bid volume during the reporting period, compared to 64.94% in October (see Graph 12).

Investment firms, including *persons exempt*, accounted for 13.55% of the total volume of successful bids during the reporting period, compared to 21.49% in October 2014.

Credit institutions accounted for 18.86% of the total auctioned volume during the reporting period, compared to 13.57% in October 2014.

However, the shares of successful bids per category showed some fluctuations over the period. The standard deviation of the shares was 12% points, 5% points, 12% points and 6% points for operators (including business groupings of operators), investment firms, credit institutions and *persons exempt* respectively.

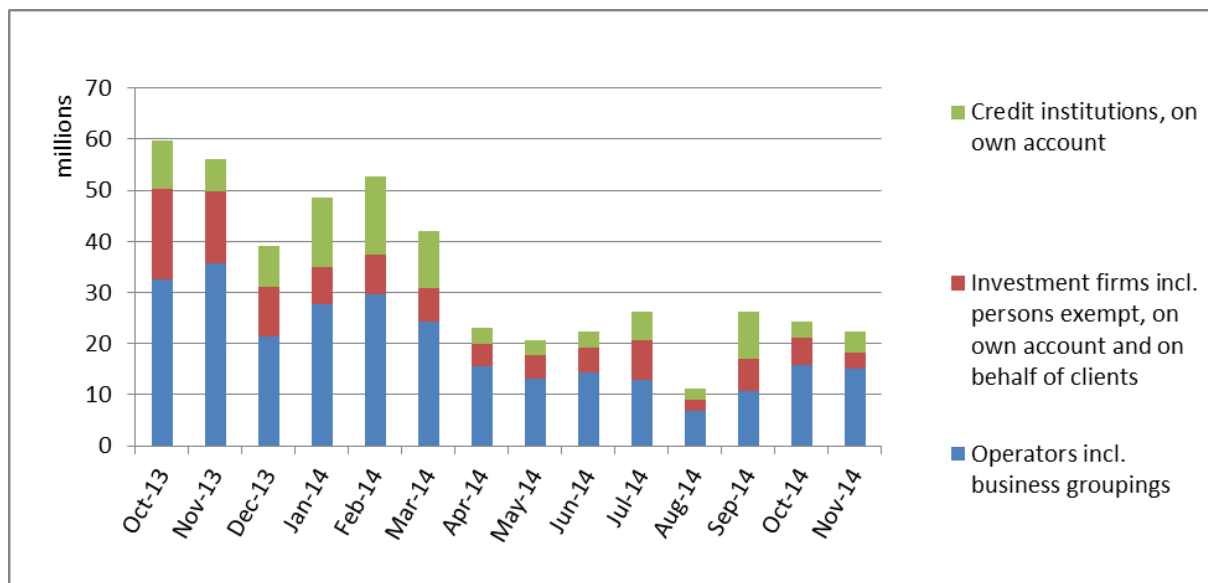
Graph 12: Volume of successful bids per bidder category.



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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).

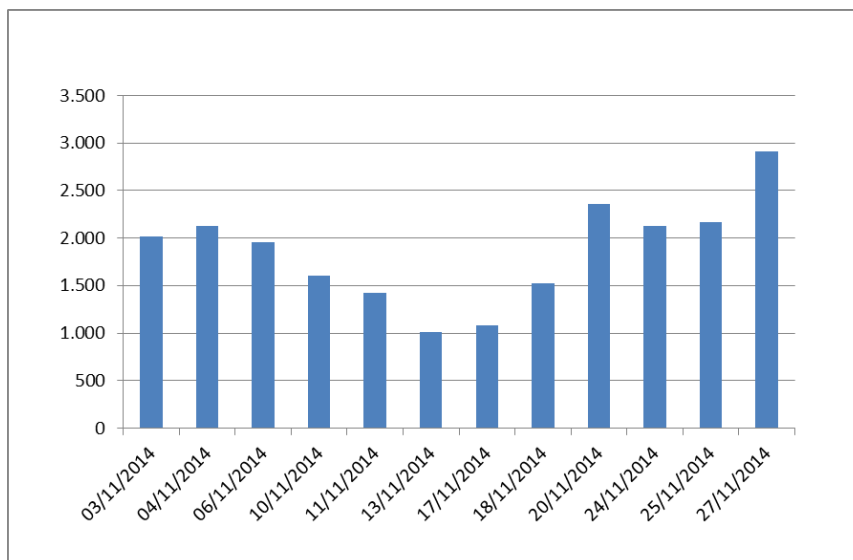
A common interpretation of the HHI is that a score below 1 500 is 'not-concentrated', between 1 500 and 2 500 is 'moderately concentrated,' and above 2 500 is 'highly concentrated'.

In general, the HHI of successful bids moved between about 1 000 and 2 900 (see Graph 14), and the monthly average of the HHIs for each auction during the reporting period was 1 858. 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 1 055.

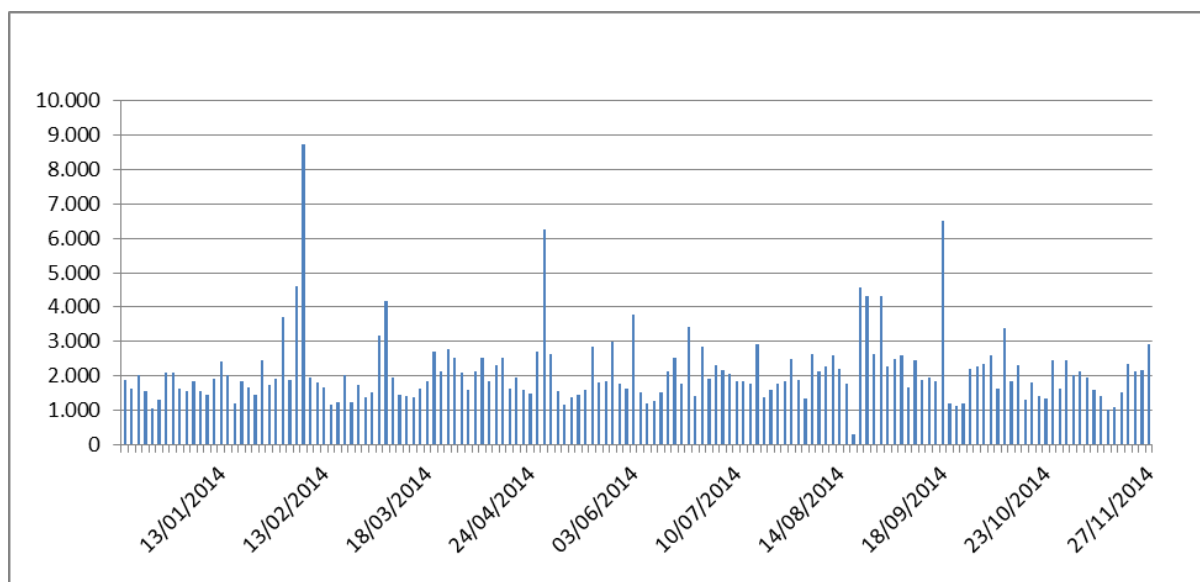
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Graph 14 Herfindahl-Hirschman Index.



Graph 15 Herfindahl-Hirschman Index as from December 2013 (lower means less market concentration).



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Section 1.2. Aviation allowances auctions

The auctioning of aviation allowances restarted as of September 2014⁴. Pursuant to the published auction calendar, only aviation allowances for the calendar year 2012 will be auctioned in 2014⁵; 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 the month of November 2014, EEX, in its capacity as the transitional common auction platform, performed one auction for a total of 1 641 500 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 during the reporting period was EUR 11 326 350. The auction clearing price was EUR 6.90 per allowance. This is an increase of EUR 1.19 per allowance compared to the previous reporting period.

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 6: 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 auction clearing price for the aviation allowances auction held during the reporting period was EUR 6.90. The highest prices bid were EUR 0.20 per aviation allowance above the clearing price, the lowest prices bid in the auction were EUR 5.31 per aviation allowance below the clearing price (see Annex I for the data per auction).

⁴ 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

⁵ See also the regulatory update published by the Commission on 29 July 2014; http://ec.europa.eu/clima/news/articles/news_2014072901_en.htm

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Cover ratio

The *cover ratio* — the bid volume as a proportion of the available volume in the auctions — was 4.67. This is almost 5% higher than in the previous period.

Number of bidders

The number of active bidders during the reporting period was 14. With a total volume of bids amounting to 7 665 500 allowances, this makes an average of 547 536 aviation allowances per bidder. With a total of 1 641 500 allowances auctioned and 7 successful bidders, this makes an average of 234 500 aviation allowances per successful bidder.

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

In the auction held during the reporting period, the average bid volume per bidder was 547 536, which is similar to the previous period. The average number of bids per bidder was 4.50, which is about 46% higher than in the previous period. The average bid size was 121 675 , which is 31% less than the previous period. The average volume won by successful bidders was 234 500 aviation allowances, which is about 12% higher than the average in October.

HHI

The HHI of successful bids for the auction held in the reporting period was 2 196.

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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 auctions⁶.

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 7). 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 7 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.

⁶ 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: 30/01/2015

Place & date: Brussels, 30/01/2015

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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: http://ec.europa.eu/clima/policies/ets/cap/auctioning/documentation_en.htm .
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: http://ec.europa.eu/clima/policies/ets/reform/index_en.htm .
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

EU general allowance (EUA)	Allowance to emit one tonne of CO ₂ -equivalent, see Article 3(a) of the <i>ETS Directive</i> .
EU aviation allowance (EUAA)	Allowance to emit one tonne of CO ₂ -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: http://ec.europa.eu/clima/policies/transport/aviation/index_en.htm 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.

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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 Clearing Price €/tCO2	Minimum Bid €/tCO2	Maximum Bid €/tCO2	Mean Bid €/tCO2	Median Bid €/tCO2	Auction Volume tCO2	Total Amount of Bids	Cover Ratio	Total Number of Bidders	Number of Successful Bidders	Total Revenue €
27/11/2014	7.09	6,50	7,20	7,06	7,08	1,873,000	5,592,000	2.99	14	10	13,279,570
25/11/2014	7.05	6,82	7,50	7,00	7,00	1,873,000	7,603,000	4.06	19	8	13,204,650
24/11/2014	7.02	1,59	8,00	5,67	6,42	1,873,000	8,439,000	4.51	16	11	13,148,460
20/11/2014	6.93	6,75	8,00	6,92	6,92	1,873,000	6,168,000	3.29	14	10	12,979,890
18/11/2014	6.91	6,72	7,50	6,89	6,89	1,873,000	4,341,000	2.32	13	13	12,942,430
17/11/2014	6.64	1,59	6,99	5,38	6,59	1,873,000	6,480,000	3.46	16	14	12,436,720
13/11/2014	6.78	6,00	7,00	6,70	6,75	1,873,000	13,906,000	7.42	18	15	12,698,940
11/11/2014	6.68	6,00	7,00	6,63	6,65	1,873,000	11,720,000	6.26	17	13	12,511,640
10/11/2014	6.70	6,00	7,10	6,68	6,73	1,873,000	6,721,000	3.59	13	12	12,549,100
06/11/2014	6.61	6,40	7,00	6,59	6,59	1,873,000	5,848,000	3.12	14	10	12,380,530
04/11/2014	6.56	6,36	7,50	6,55	6,53	1,873,000	7,974,000	4.26	15	10	12,286,880
03/11/2014	6.30	6,00	7,00	6,30	6,28	1,873,000	6,692,000	3.57	16	10	11,799,900
Aviation allowances											
Date	Auction Clearing Price €/tCO2	Minimum Bid €/tCO2	Maximum Bid €/tCO2	Mean Bid €/tCO2	Median Bid €/tCO2	Auction Volume tCO2	Total Amount of Bids	Cover Ratio	Total Number of Bidders	Number of Successful Bidders	Total Revenue €
26/11/2014	6.90	1.59	7.10	5.33	6.66	1,641,500	7,665,500	4.67	14	7	11,326,350

