
DRAFT STATUTORY INSTRUMENTS

2021 No.

The Greenhouse Gas Emissions Trading
Scheme Auctioning Regulations 2021

PART 2

Auction Design

Auction clearing price and resolution of tied bids

- 6.—(1) The auction clearing price must be determined upon closure of the bidding window.
- (2) An auction platform must sort bids submitted to it in the order of the price bid.
- (3) Where the price of several bids is the same, these bids must be sorted through a random selection according to an algorithm determined by the auction platform before the auction.
- (4) No bid below the auction reserve price is to be accepted.
- (5) The volumes bid must be added up, starting with the highest bid price, and ignoring any bid below the auction reserve price.
- (6) All bids making up the sum of the volumes bid determined pursuant to paragraph (5) must be allocated at the auction clearing price determined in accordance with regulation 7.
- (7) Where the total volume of successful bids determined pursuant to paragraph (5) exceeds the volume of auctioned allowances, the remaining volume of the auctioned allowances must be allocated to the bidder that has submitted the last bid making up the sum of the volumes bid.
- (8) Where there are any unsold allowances—
- (a) they are to be added to the next four auctions to be held by the appointed auction platform, evenly distributed, so that a quarter of the unsold allowances is added at each subsequent auction; or
- (b) if doing so would increase the volume of any of the next four auction to more than 125% of the volume first proposed for that auction (the “125% volume”), any allowances in excess of the 125% volume at that auction must—
- (i) be added to any other of the four auctions for which that would not be the case, or
- (ii) if all the next four auctions would be increased to more than 125% of their first proposed volume, be added to the market stability mechanism account held by the UK ETS Authority under Part 3 of Schedule 5A to the Trading Scheme Order.
- (9) For the purposes of these Regulations, the auction reserve price is to be £22 per tonne of carbon dioxide equivalent covered by the auctioned allowances, or such other sum as may be specified by the Treasury by direction.
- (10) The Treasury must publish any direction given under paragraph (9) in such manner as they think fit.