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DRAFT STATUTORY INSTRUMENTS

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**2021 No.**

The Greenhouse Gas Emissions Trading  
Scheme Auctioning Regulations 2021

PART 2

Auction Design

**Auction clearing price**

7.—(1) The auction clearing price is—

- (a) the price of the bid at which the sum of the volumes bid matches or exceeds the volume of allowances auctioned;
- (b) if paragraph (2) applies, the price of the bid which matches or exceeds the secondary market price; or
- (c) if paragraph (3) applies, the price of the lowest bid above the auction reserve price.

(2) This paragraph applies where the auction clearing price determined in accordance with paragraph (1)(a) would be significantly below the price on the secondary market prevailing during and immediately before the bidding window, taking into account the short term volatility of the price of allowances over a defined period preceding the auction.

(3) This paragraph applies where the total volumes bid determined according to regulation 6(5) is less than the volume of auctioned products.

(4) Before an auction is started, the appointed auction platform must decide on the methodology to determine whether paragraph (2) applies, and if so, what the prevailing secondary market price is, (“the paragraph (2) methodology”), after consulting the auctioneer, and notifying the FCA.

(5) In between two bidding windows, the appointed auction platform may modify the paragraph (2) methodology, after consulting the auctioneer, and notifying the FCA.

(6) If the appointed auction platform modifies the paragraph (2) methodology it must notify the FCA and the auctioneer without delay.