

EUA AUCTIONS OF THE CZECH REPUBLIC – GUIDANCE FOR BIDDERS –

I. Access to the Auctions

Access to the Czech EUA auctions at EEX will be available via a web-based system (“ComXerv EUA Primary Auction Service”). The auction system is easily accessible via the internet with a dedicated login and password provided to admitted Spot members by the EEX.

Companies who would like to become a member of the EEX EUA Spot market in order to access the auctions **directly** have the choice of three types of membership:

- **Full membership**

Access to all EEX Markets (Spot, Derivatives) and products (CO₂, power, gas, coal)
Costs: EUR 10,000,- per year

- **Emissions-only membership**

Access to both or either the Spot and Derivatives markets for emissions products only (EUA, EUAA, CER, ERU), including the possibility to bid in the Primary Auctions and trade on continuous trading
Costs: EUR 5000,- per year, per market (i.e. Spot *and* Derivatives membership = EUR 10,000)

- **Auction-only membership**

Free Access (without technical connection), i.e. bids are placed via the Primary Auction Bidding form and entered into the auction system by EEX Market Supervision on behalf of the member
Costs: EUR 0,- per year (free of charge)

Trader Access (with technical connection): Direct access to the EEX Spot Auction Platform, which allows members to enter, modify and cancel bids directly in the auction system
Costs: EUR 1200,- per year (technical fee)

If the company does not wish to become an EEX member, but prefers to bid **indirectly** in the auction, it can contact a clearing member which provides client services at the European Commodity Clearing AG (ECC) – the clearing house of EEX. This may require satisfying their requirements for acceptance.

ECC Clearing Members are: ABN AMRO Clearing Bank N.V., Barclays Bank PLC, Bayerische Landesbank, BHF-BANK AG, BNP Paribas Commodity Futures Ltd., Deutsche Bank AG, European Investment Bank, Goldman Sachs International, J.P. Morgan Securities Ltd., KELER CCP Ltd., KFW Bankengruppe, Merrill Lynch International, Newedge Group (UK Branch), Nordea Bank Finland PLC (German Branch), UBS AG.

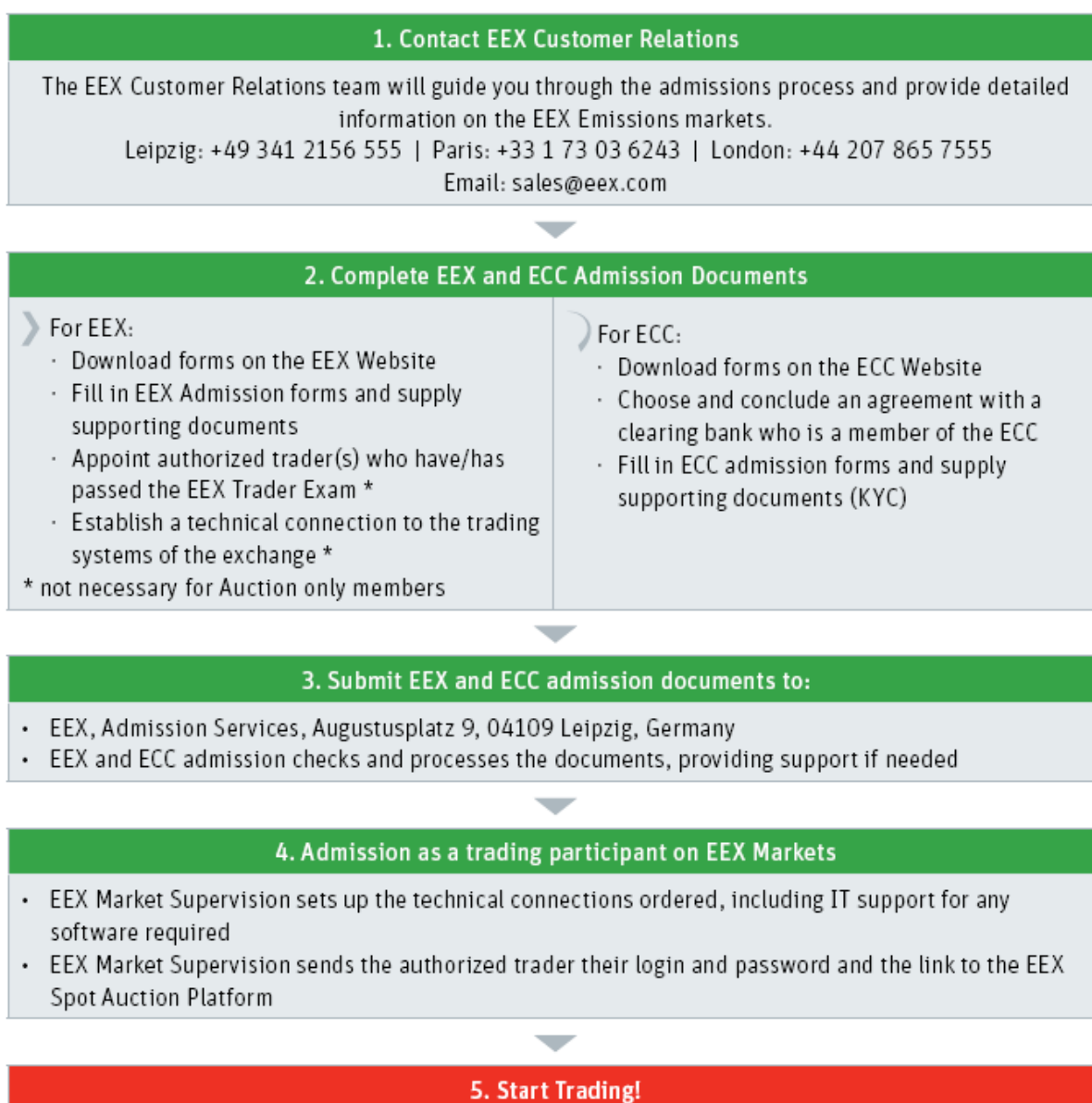
The full list of ECC clearing members and their respective contact details is available at the ECC website at <http://www.ecc.de/en/about-ecc/partners-products/clearing-members>).

Please contact the EEX Customer Relations department for more information or if you would like to become a member.

Leipzig: +49 341 2156 555 / Paris: +33 1 73 03 6243 / London: +44 207 865 7555

Email: sales@eex.com

II. Becoming an EEX Member



III. Auction Design of the Czech NER Auctions

Auctioned product	EU Allowances for the 2 nd trading period of the EU ETS (2013 to 2020)		
Auction delivery	Next-day delivery (T+1)		
Auction format	Single round: Bids will be submitted during one given bidding window	Sealed bid: Bids will be submitted without seeing other participant's bids	Uniform price: All successful bidders will pay the same auction clearing price
Minimum lot size	500 allowances		
Submission and withdrawal of bids	Submission of bids: <ul style="list-style-type: none"> · Bids may be submitted, modified and withdrawn during the bidding window · Only authorised persons are entitled to place bids (bidder's representatives) 	Each bid shall state: <ul style="list-style-type: none"> · Bid volume as integral multiples of lots of 500 allowances · Price in Euro for each allowance (in two decimal points) 	Each bid may only be withdrawn: <ul style="list-style-type: none"> · During the bidding window · Genuinely mistaken bids can be unwound only under restrictive conditions by EEX upon request of the bidder's representative
Determination of auction clearing price	All successful bids will be allocated at the auction clearing price which is determined as follows: <ul style="list-style-type: none"> · Bids are sorted in descending order of the price bid · Bid volumes are added, starting with the highest bid; the price at which the sum of volumes bid matches or exceeds the volume of allowances auctioned shall be the auction clearing price · Tied bids will be sorted through random selection according to an algorithm · All bids with a price higher than the auction clearing price are successful; Execution of bids made at the auction clearing price depends on their ranking in the random selection · Partial execution of orders may be possible for the last successful bid matching the auction clearing price, depending on the remaining quantity of allowances 		

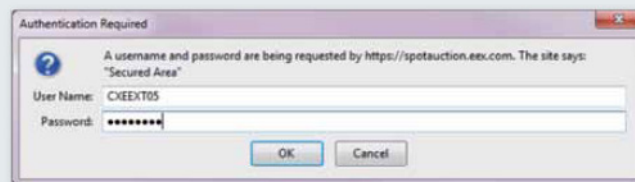
IV. Step-by-step guide to Bidding in the Auction

Prior to the auction, participants inform themselves on the timings of the bidding window and volume to be auctioned via the EEX Auction Calendar, available online at www.eex.com

Participants place their bids during the 2-hour bidding window for the auction via two ways:

– I – Via the ComXerv EUA Primary Auction Service

1. EEX Spot EUA Members login to the auction platform via their login and password provided by EEX Market Supervision.



2. The Auction Home Screen displays the auctioneer, auctioned product, auction volume, bidding window times and the auction configuration. The Messages box communicates the auction status.



3. Members click on 'Submit New Bid' and place their bids as integral multiples of lots of 500 allowances and state their price per allowance in Euros to two decimal points, then click 'OK'.

In this example, the member bids for 150,000 EUAs at a price of EUR 7.80 each.

4. When bidding on behalf of a client, Members additionally check the box 'Bid as Broker' and input the name of their client in the 'Broker Reference' field.

Auction Details

Name: **Germany T3PA DE** Allowances: **300,000**
 Phase: ■ Running Opening Time: 21.08.2012 16:38
 Product: T3PA Closure Time: 21.08.2012 20:38
 Auctioneer: AUJT1 Ends in: 03:40:28

Submit New Bid

Member: XYZEX
 Bid as Broker:
 Broker Reference: German Power co.
 Allowances: 50000
 Price (EUR): 7.75

Buttons: Apply OK Close

In this example, the Member bids for 50,000 EUA at a price of 7.75 EUR each, on behalf of their client 'German Power co.'

5. Entered bids are visible in the Bids window. Members can only see their own bids.

Bids

Buttons: Submit New Bid Cancel All Displayed Filter: <all members>

ID	Member	User	Last Modified	Broker Ref	Allow.	Price(EUR)	
1496062180	XYZEX	SM001	21.08.2012 16:56:03.862		150,000	7.80 €	M C
216370765	XYZEX	SM001	21.08.2012 16:54:53.186		60,000	7.79 €	M C
620935440	XYZEX	SM001	21.08.2012 16:58:14.262	German Power co.	50,000	7.75 €	M C

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6. Bids can be modified or cancelled during the bidding window by clicking on 'M' or 'C'.

Auction Details

Name: **Germany T3PA DE** Allowances: **300,000**
 Phase: **Running** Opening Time: 21.08.2012 16:38
 Product: **T3PA** Closure Time: 21.08.2012 20:38
 Auctioneer: **AUCT1** Ends in: 03:39:14

Auction Reports

Bids

Submit New Bid Cancel All Displayed Filter: <all members>

ID	Member	User	Last Modified	Broker Ref	Allow.	Price(EUR)	
1499062180	XYZEX	SM001	21.08.2012 16:56:03.902		150,000	7.80 €	M C
216370765	XYZEX	SM001	21.08.2012 16:54:53.188		60,000	7.79 €	M C
620935440	XYZEX	SM001	21.08.2012 16:58:14.282	German Power co.	50,000	7.75 €	M C

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7. Once the auction is closed, the auction status changes to 'closed' then 'accepted' in the right hand Messages box. Auction results are displayed, and the Member can view whether their bids have been totally (in green) or partially executed (in yellow).

Auction Details

Name: **Germany T3PA DE** Allowances: **300,000**
 Phase: **Finished** Opening Time: 09.07.2012 09:00
 Product: **T3PA** Closure Time: 09.07.2012 09:45
 Auctioneer: **AUCT1**

Auction Configuration

Auction Algorithm: Price/Time
 Settlement Unit: EUR
 Settlement Start: T + 1
 Bidder Bid Size

Auction Results

Final Price: **8.80 €**
 Total Volume: **2,380,000.00 €**
 Total Bid Quantity: **600,000**

Bids

Allocated on this Member: 300,000 Filter: <all members>

ID	Member	User	Last Modified	Broker Ref	Allow.	Price(EUR)	Allocated	Volume
98989899	XYZEX	SM001	09.07.2012 09:43:01.849		90,000	8.80 €	90,000	774,000.00 €
12977999	XYZEX	SM001	09.07.2012 09:44:15.390		100,000	8.80 €	60,000	516,000.00 €
19862399	XYZEX	SM001	09.07.2012 09:44:02.490		100,000	8.80 €	200,000	1,760,000.00 €
98947099	XYZEX	SM001	09.07.2012 09:42:16.940	gas natural	70,000	8.50 €		
0790491	XYZEX	SM001	09.07.2012 09:41:07.900	gas natural	100,000	8.20 €		
20476000	XYZEX	SM001	09.07.2012 09:41:18.600	gas natural	100,000	8.50 €		

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Full Executed Bid | Partially Executed Bid | Bid Not Executed

Messages

09.07.2012 09:43:22 Auction (118) accepted
 09.07.2012 09:45:47 Auction (118) closed
 09.07.2012 09:46:06 Auction (118) closed
 09.07.2012 10:44:06 Auction (118) accepted
 09.07.2012 10:44:06 Auction (118) closed
 09.07.2012 10:44:06 Auction (118) accepted
 09.07.2012 10:44:06 Auction (118) closed
 09.07.2012 14:00:00 Auction (118) closed
 09.07.2012 14:00:00 Auction (118) accepted
 09.07.2012 14:07:30 Auction (118) published
 09.07.2012 14:08:00 Auction (117) closed
 09.07.2012 14:08:00 Auction (117) accepted
 09.07.2012 09:32:16 Auction (118) published

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8. Post-auction, Members can download Order Reports and Trade Reports.

Order Report: Summarizes the bid input, cancellation, modification and execution per auction.

Trade Report: Provides an overview of the Member's executed trades.

- II - Via the Bidding Form EUA Primary Auction

This form must be completed, and signed by a Member's Authorized Trader or Auction Coordinator (in the case of Auction-Only Membership).

Bidding Form EUA Primary Auction (Buy Orders)
Fax-Nr. +49 341 2156 229

Participant	Member Code:				
	Name of Company:				
Validity	Valid for auction on (date):				
Bids	Bid for Derivatives Auction		Bid for Spot Auction <small>(minimum bid size for each bid is 500 tons or multiples)</small>		Account
	Price	Quantity (in thousand tons)	Price	Quantity (in tons)	
Participant	Date and Time		Phone		
	Name and ID of Trader		Fax		
	Signature of Trader		E-Mail		
E: _____ Date & Title: _____ Signature: _____					
C: _____ Date & Time: _____ Signature: _____					
(Filed by EEX)					

Please note that EEX Market Supervision will use our best diligence when entering your bid and that the bid entry will be checked by a second member of staff. However, EEX Market Supervision cannot take liability for the correctness and for the chronological order of the bid entry.

Such orders must be placed at least 10 minutes prior to the closing of the bidding window to ensure that bids will be entered in the auction.

V. Delivery and Payment

Delivery of EUAs takes place through internal bookings in the ECC System. Payments are charged at the same time to the respective Clearing member of the successful bidder.

1. Successful bidders are accounted for the respective value of EUAs allotted to them in the auctions by ECC. These amounts will be collected after the auction by the participant's clearing bank(s) at around 8am the next day and will be then paid directly to the nominated Czech bank account (next TARGET day).
2. Once payment has been made to the auctioneer, ECC will transfer the EUAs from the internal account of the auctioneer (the Czech Ministry of Environment) to the internal accounts of the successful bidders. Please note that this booking is done *within* the ECC system ("virtual booking of emission rights"), not to an external account on registry level.
3. Buyers can keep the holdings on their account (e.g. to fulfill an upcoming delivery obligation for derivatives contracts), sell them at the secondary spot market or request a delivery to a registry account at the registry level.
4. Upon request of the EEX/ECC member, ECC will deliver the EUAs from EEC's registry account to the buyer's registry accounts at any time. To this registry transfer a 26 hour delay will apply (as long as there is no Trusted Account functionality in the Union Registry available).

