

Auctioning & the Power Sector

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Auctioning and the Power Industry

- EURELECTRIC accepts auctioning as the principle allocation method
- All sectors must be treated in an equitable manner
- All electricity production must be treated in the same way
- The auction process must not distort the market price for carbon nor the power market

Key Principles

- Allowances must be available when required
- Predictability – timing & frequency, sequencing and volumes
- Fair and equal access
- Transparency
- Efficiency

Timing

- First auction – end 2011 – at the very latest
- This requires:
 - Regulations by the end of 2009
 - Administration and infrastructure by end of 2010
 - Quantum to auction by end of 2010
 - Very ambitious time-scale – stepwise introduction of auctioning would ensure stability

Allocation & Revenues

- Allocation of allowances and auction revenues must not interfere in competitive markets
- Recycling – avoid picking “winners” or distorting the power market
 - Danger of politicians squandering ‘windfall’