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**UK-London: auction services
2011/S 163-269477**

PRIOR INFORMATION NOTICE

Services

SECTION I: CONTRACTING AUTHORITY

I.1) NAME, ADDRESSES AND CONTACT POINT(S)

Department of Energy and Climate Change

3 Whitehall Place

Attn: Bess Hulme/Julie Dickason

SW1A 2AW London

UNITED KINGDOM

Tel. +44 3000685491

E-mail: eu.ets@decc.gsi.gov.uk

Internet address(es)

General address of the contracting authority http://www.decc.gov.uk/en/content/cms/emissions/eu_ets/phase_iii/phase_iii.aspx

Further information can be obtained at: As in above-mentioned contact point(s)

I.2) TYPE OF THE CONTRACTING AUTHORITY AND MAIN ACTIVITY OR ACTIVITIES

Ministry or any other national or federal authority, including their regional or local sub-divisions
Environment

The contracting authority is purchasing on behalf of other contracting authorities No

SECTION II.B: OBJECT OF THE CONTRACT (SUPPLIES OR SERVICES)

II.1) TITLE ATTRIBUTED TO THE CONTRACT BY THE CONTRACTING AUTHORITY

EU Emissions Trading System: Procurement of auctioning and related services by the UK government.

II.2) TYPE OF CONTRACT AND PLACE OF DELIVERY OR OF PERFORMANCE

Service category: No 27

NUTS code UK

II.3) SHORT DESCRIPTION OF NATURE AND QUANTITY OR VALUE OF SUPPLIES OR SERVICES

The purpose of this Prior Information Notice (PIN) is to:

(i) inform the market of a prospective contract opportunity in connection with the procurement of auctioning and related services by the UK government for the auctioning of greenhouse gas emissions allowances from late 2012 as part of implementation of the EU Emissions Trading System (EU ETS); and

(ii) request information that may be relevant to the procurement strategy that may be adopted by the contracting authority.

The EU ETS is at the heart of UK Government policy to tackle climate change. The system covers sectors responsible for around half of the UK's carbon dioxide emissions. The EU ETS works on a 'cap and trade' basis. A cap is set on EU Member State's emissions, which declines over time. Allowances can be allocated for free or auctioned by Member States.

Commission Regulation (EU) No 1031/2010 of 12.11.2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances (the 'Auctioning Regulation') sets out the regulatory

framework for auctioning allowances for aviation and for phase III of the EU ETS (2013-2020). Under this Regulation, the UK has opted to set up a national auction platform to auction its share of allowances. The Auctioning Regulation sets out the detailed requirements for the auctioning of aviation and phase III emission allowances. As part of these provisions, it is envisaged that all auctions will eventually be conducted on an auction platform (the 'definitive platform'), which has been authorised to auction carbon. HM Treasury has recently consulted on draft regulations to extend national laws implementing specific elements of the European financial regulatory framework to the activity of auctioning EU emissions allowances and the Financial Services Authority are consulting on the consequent changes to their Handbook. There is an option to set up a 'transitional auction platform' prior to the definitive platform. Transitional auction platforms are exempt from some of the provisions of the Auctioning Regulation, including the need to be regulated specifically for auctioning carbon allowances. A transitional platform would, however, still need to be a regulated market pursuant to EU financial markets legislation.

The timetable for auctioning has not yet been decided. Member States must auction 15 % of their emissions allowances for aviation by the end of 2012. The exact number of aviation emissions allowances to be auctioned by each Member State has not yet been determined, though it is likely to be around 30m for the EU as a whole. Following a decision in July this year, it was agreed that 120m phase III emissions allowances will be auctioned before the start of the phase (i.e. next year). The UK's share is approximately 12m emissions allowances. At this stage, we are interested to hear from parties who may wish to be considered for any future contract to provide auctioning and related services for a definitive auction platform. This will allow us to include those parties in the circulation of further information and seek their input in order to inform the process for any future procurement of the services. As set out above, interested parties should note that eligibility for running these auctions is tightly defined within EU Regulation 1031/2010.

Final decisions have not yet been taken on the next stage of the process. However, it is likely that further input will be sought through an 'industry day' and/ or the completion of a questionnaire by interested parties in the early autumn.

Interested parties should, in the first instance, respond to this PIN and express their wish to receive further information, including participation in a possible industry day and/ or responding to a questionnaire. The form of response should be limited to the provision of a single point of contact (name, job title, email address and phone number). Responses should be received by DECC by 9.9.2011.

Division into lots No

- II.4) **COMMON PROCUREMENT VOCABULARY (CPV)**
79342400, 48470000, 72212470, 79957000, 66170000, 72000000
- II.5) **SCHEDULED DATE FOR START OF AWARD PROCEDURES**
- II.6) **CONTRACT COVERED BY THE GOVERNMENT PROCUREMENT AGREEMENT (GPA)**
Yes
- II.7) **ADDITIONAL INFORMATION**

SECTION III: LEGAL, ECONOMIC, FINANCIAL AND TECHNICAL INFORMATION

- III.1) **CONDITIONS RELATING TO THE CONTRACT**
- III.1.1) **Main financing conditions and payment arrangements and/or reference to the relevant provisions regulating them**
- III.2) **CONDITIONS FOR PARTICIPATION**
- III.2.1) **Reserved contracts**
No

SECTION VI: COMPLEMENTARY INFORMATION

VI.1) **CONTRACT RELATED TO A PROJECT AND/OR PROGRAMME FINANCED BY COMMUNITY FUNDS**

No

VI.2) **ADDITIONAL INFORMATION**

As set out above, this notice is intended only to inform the market of a prospective contract opportunity and to request information which may be relevant to the development of any eventual procurement strategy. In developing this strategy consideration will be given, among other things, to the most appropriate procurement route, including whether such a contract might be offered as a service concession.

Potential bidders will not be prejudiced by any response to this PIN, or failure to respond. This PIN does not formally signify the beginning of a procurement and does not constitute a commitment by DECC to undertake any procurement exercise. In the event that DECC decides to formally commence the procurement of national auction platform a separate notice will be issued.

Relevant governmental Internet sites where information can be obtained:

Auctioning Regulations: [http://eurlex.europa.eu/LexUriServ/LexUriServ.do?](http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:302:0001:0041:EN:PDF)

[uri=OJ:L:2010:302:0001:0041:EN:PDF](http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:302:0001:0041:EN:PDF)

HM Treasury consultation on Regulating auctions of EU emissions allowances http://www.hm-treasury.gov.uk/consult_regulating_auctions_eu_emissions_allowances.htm.

FSA consultation on changes to their Handbook: http://www.fsa.gov.uk/pages/Library/Policy/CP/2011/11_14.shtml

Further information on the EU emissions trading system can be found at: http://ec.europa.eu/clima/policies/ets/index_en.htm

GO Reference: GO-2011822-PRO-2577713.

VI.3) **INFORMATION ON GENERAL REGULATORY FRAMEWORK**

VI.4) **DATE OF DISPATCH OF THIS NOTICE:**

22.8.2011