

---

STATUTORY INSTRUMENTS

---

**2021 No. 513**

**The Recognised Auction Platforms and  
Greenhouse Gas Emissions Trading Scheme  
Auctioning (Amendment) Regulations 2021**

**Regulation 12 substituted**

9. For regulation 12 substitute—

**“Cost containment mechanism**

12.—(1) Where paragraph (3) applies, the Treasury may authorise one or more of the following measures—

- (a) changing the distribution of allowances to be auctioned at auctions within a calendar year;
- (b) increasing the volume of allowances to be auctioned in a calendar year—
  - (i) by bringing forward part of the volume of allowances to be auctioned in a subsequent calendar year;
  - (ii) by the release for auction of up to 25% of the allowances held in the new entrants’ reserve provided for in article 34G of the Trading Scheme Order;
  - (iii) by the release for auction of allowances from the market stability mechanism account held by the UK ETS authority.

(2) Where the Treasury authorises increasing the volume of allowances to be auctioned in a calendar year under paragraph (1)(b), the UK ETS authority may create additional allowances for auction in that year.

(3) This paragraph applies where the monthly average carbon price is more than—

- (a) 2 x the 2-year average carbon price for 3 consecutive months, if the last consecutive month is in 2021;
- (b) 2.5 x the 2-year average carbon price for 3 consecutive months, if the last consecutive month is in 2022; or
- (c) 3 x the 2-year average carbon price for 6 consecutive months, if the last consecutive month is in 2023 or any subsequent year.

(4) For the purposes of paragraph (3)—

- (a) the “monthly average carbon price” for any month must be calculated—
  - (i) by dividing the sum of the end of day settlement prices of the relevant December futures contract as traded on the relevant carbon market exchange for each relevant day in the month by the number of relevant days in the month, or
  - (ii) if the relevant December futures contract was not traded on the relevant carbon market exchange in the month, by dividing the sum of the end of day settlement prices of the relevant December futures contract as traded

on the largest carbon market exchange (as determined by volume of sales of relevant December futures contracts during the month) for each relevant day in the month by the number of relevant days in the month;

- (b) the “2-year average carbon price” must be calculated by dividing the sum of the end of day settlement prices of the relevant December futures contract as traded on the relevant carbon market exchange for each relevant day in the 24 months ending with the last month before the first month of the period of 3 or, as the case may be, 6 months referred to in paragraph (3) by the number of relevant days in the 24-month period.

(5) In this regulation—

“end of day settlement price”, in relation to the relevant December futures contract, means the end of day settlement price per tonne of carbon dioxide equivalent published by the carbon market exchange on which the relevant December futures contract is traded expressed in pounds sterling or, where expressed in Euros, converted to pounds sterling by reference to the Bank of England daily spot exchange rate for that day;

“EU emissions allowance” means an allowance to emit 1 tonne of carbon dioxide equivalent during a specified period that is valid for the purposes of meeting the requirements of [Directive 2003/87/EC](#) of the European Parliament and of the Council of 13th October 2003 establishing a system for greenhouse gas emission allowance trading within the Union<sup>(1)</sup> and is transferable in accordance with the provisions of that directive;

“relevant carbon market exchange”—

- (a) in relation to the trading of the relevant December futures contract on a day in 2019, 2020 or 2021 means the carbon market exchange operated by ICE Futures Europe (company no. 01528617);
- (b) in relation to the trading of the relevant December futures contract on a day in any subsequent year (the “relevant year”), the largest carbon market exchange as determined by volume of sales of relevant December futures contract during the calendar year preceding the relevant year;

“relevant day” means a day for which an end of day settlement price is published;

“relevant December futures contract”, in relation to a day in the month referred to in paragraph (4)(a) or the 24-month period referred to in paragraph (4)(b), means—

- (a) if the day falls in January to November of 2019 or 2020, a futures contract for EU allowances deliverable in December of the year in which the day falls;
- (b) if the day falls in December of 2019 or 2020, a futures contract for EU allowances deliverable in December of the year after the year in which the day falls;
- (c) if the day falls in January to November of 2021 or a subsequent year, a futures contract for allowances deliverable in December of the year in which the day falls;
- (d) if the day falls in December of 2021 or a subsequent year, a futures contract for allowances deliverable in December of the year after the year in which the day falls.”.

---

(1) OJ L 275, 25.10.2003, p. 32.