



COMMODITY EXCHANGE BRATISLAVA

Press release: **Auction of Green AAU at the exchange**

14. October 2011, Bratislava: *Commodity Exchange Bratislava* (CEB) is the first world exchange to trade Amount assigned units (AAU). Exchange member has started auction to sell 90.000 Green AAUs in the same type of auction that will be used in the third trading period for European allowances.

About the commodity

An Assigned Amount Unit (AAU) is a tradable 'Kyoto unit' or 'carbon credit' representing an allowance to emit greenhouse gases comprising one metric tonne of carbon dioxide equivalents calculated using their Global Warming Potential.

AAUs come from the project that is running for more than one year and has major influence to reduce green house gasses. With the investment that the project developer has already done, reduction of more than 50% GHG was reached. Project developer now sees to refund their investment by selling Green AAUs.

Project documentation is possible to obtain only for serious partners, if at least 2% of the auction value (9,720 EUR) will be at their disposal on their settling account. NDA is required to be signed to receive full documentation.

Auction process

90000 AAUs are for sale. The form of the auction is the same as will be used in the third trading period for EUAs and AviationEUAs from 2012-2013 as stated in the EC Directive 1031/2010. Trading unit is set to be 1000 credits. Every auction participant can bid volume and price. At the end of the auction, bids are ordered by the price and volume that fits in the auction volume will win the auction. Price will be determined by the last price of the bid that fits in the auction volume. Everyone pays the same price. For example:

1) Auction bids

1	50 000	6.00 €
2	20 000	5.50 €
3	20 000	6.20 €
4	20 000	6.30 €
5	20 000	10.00 €

2) Auction results

5	20 000	6 €
4	20 000	6 €
3	20 000	6 €
1	40 000	6 €
2	0	

Auction start time was: 14.10.2011 at 9:00 CET

Auction end time is: 31.10.2011 at 14:00 CET

Bids are not visible while the auction is active.

Auction uses CEB Guarantee system 1, which means that *Direct exchange members* must have available on the settling currency account at least 2% of the bid value. *Free carbon members* must have at least 5% money available on the account in order to place a bid. After end of the auction, when contract will be created,



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successful bidders have two business days to pay for the allowances. After payments will proceed, the allowances are released to buyer.

How fast is it possible to trade it and how much does it costs?

It is possible to become exchange member within one business day to one week. To become *Direct exchange member* it costs 2000 EUR as entry fee, 1000 EUR annual fee and trading fee is 0.001 EUR per credit. To become *Free carbon member*, there are no entry fees, but trading fee is 0.015 EUR per credit. There is also option to become *Gold exchange member* with entry cost 10000 EUR, annual fee 5000 EUR, and no trading fee.

After becoming a member, it depends on the speed of money transfers. To be able to participate in the auction, direct member must place at least 2% of the bid value, or Free carbon member must place at least 5% of the bid value.

Historical event

This is the first time in the history that AAUs has been offered in the transparent way at the regulated market.

Ing. Pavol Scholtz, President of the Exchange chamber:

We believe that the transparency and clear price development of the AAU market will help every Government in the world, and every AAU project developer to minimize the risk of corruption and uncertainty. We also believe that we will fix the Slovak reputation in the AAU market after the InterBlue trade.

Jacopo Visetti – Head of Trading at AitherCO2

This AAU Auction defines ones more that the carbon market is evolving fast and involves more players every day. The CEB, facilitating the trading of such credits contributes to the growth of an ever evolving commodity. We hope that other markets will follow this path in order to guarantee the success of the EU ETS and more importantly of the Kyoto Protocol.

Other information:

Brochure about the CEB, Guarantee systems and security:

www.kbb.sk/files/brochure.pdf

Auction: www.carbonplace.eu/info-commodities-AAUG

Carbon Place: www.carbonplace.eu

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