

Markets

90,000 AAUs offered in Slovakian auction

Published: 14 Oct 2011 18:00 CET

An unnamed Slovakian company is auctioning 90,000 Assigned Amount Units (AAUs) on a Bratislava commodities exchange, a first in the opaque market for sovereign Kyoto Protocol emissions rights.

The auction, taking place on Commodity Exchange Bratislava, started on Friday and runs through October 31, said the bourse's secretary general Ludovit Scholtz.

Scholtz said the AAUs are backed by a green investment scheme (GIS), but would give no further details on the origin of the credits or the seller's identity, though the exchange's website said the firm was based in Slovakia.

"Details are only available to those showing serious interest, that become a member of the exchange and sign a non-disclosure agreement," he added.

Because most AAUs are the product of the post-communist economic downturn in Eastern Europe and the former Soviet Union, buyers often require that they are backed by a GIS, meaning the proceeds are transparently invested in carbon-cutting initiatives.

Scholtz said the seller had already financed an emissions reduction project, but was seeking funds to help refinance it.

"The project is very good because it has reduced its greenhouse gas emissions by at least 75 percent," he added, without giving further details.

No bids had been received for the AAUs by the time of writing, though the exchange quoted a market price of 5.25 euros each.

AAUs sold so far this year have fetched between 4 and 7 euros each, according to sources in the market.

DOMESTIC ETS

Radoslav Jonas, an official with the Slovakian ministry of environment, said the government did not know the origin of the AAUs on offer, but added that Bratislava operates a voluntary domestic emissions trading scheme featuring a single participating firm.

Under the scheme, Slovakian chemical maker Duslo is due to receive around 4.5 million AAUs between 2010 and 2012, or 1.5 million per year, Jonas said.

"The system works just like the EU ETS, but it is only Duslo participating in it and has to surrender AAUs every year," he added.

Jonas could not immediately confirm Duslo's emissions under the scheme since it was launched in mid-2010, but said the firm may choose to sell any unused AAUs in the market.

Jonas also said the government will within weeks close its tender to select an intermediary to help Bratislava sell its remaining AAUs, [which was launched in July](#).

Slovakia said it is seeking firms to help broker sales for up to 27 million units.

By Michael Szabo – michael.szabo@thomsonreuters.com and Marton Kruppa – marton.kruppa@thomsonreuters.com

London