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Planning

Auction Platform services for the UK Emissions Trading Scheme

Department for Business, Energy & Industrial Strategy

F01: Prior information notice

Prior information only

Notice identifier: 2022/S 000-017721

Procurement identifier (OCID): ocids-h6vhtk-034bdf

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Section I: Contracting authority

I.1) Name and addresses

Department for Business, Energy & Industrial Strategy

1 Victoria Street

London

SW1H 0ET

Contact

Francis Todd

Email

Francis.Todd@beis.gov.uk

Country

United Kingdom

NUTS code

UK - United Kingdom

Internet address(es)

Main address

<https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>

I.3) Communication

Additional information can be obtained from the above-mentioned address

I.4) Type of the contracting authority

Ministry or any other national or federal authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Auction Platform services for the UK Emissions Trading Scheme

II.1.2) Main CPV code

- 72000000 - IT services: consulting, software development, Internet and support

II.1.3) Type of contract

Services

II.1.4) Short description

The Contracting Authority (BEIS) intends to run a procurement exercise to obtain an auction platform provision contract to provide value for money auctioning of UK Emissions Trading Scheme allowances. This will also include related services (which includes processing admissions to bid; clearing and settlement; high quality customer service; monitoring; and reporting) to Her Majesty's Government (HMG). The first auction under the terms of the appointment will be on a specified date (to be agreed) on or after 4 January 2023.

The Contracting Authority is looking to perform a market engagement exercise to make the market aware of the upcoming requirement and to better understand the market landscape of suppliers who would be able to deliver this requirement.

II.1.6) Information about lots

This contract is divided into lots: No

II.2) Description

II.2.2) Additional CPV code(s)

- 72000000 - IT services: consulting, software development, Internet and support
- 72200000 - Software programming and consultancy services
- 72300000 - Data services

- 72600000 - Computer support and consultancy services

II.2.3) Place of performance

NUTS codes

- UK - United Kingdom

II.2.4) Description of the procurement

The UK Emissions Trading Scheme was established on 1 January 2021, replacing the UK's participation in the EU ETS. It is run by the UK ETS Authority, which is constituted of BEIS, HM Treasury, the Department for Transport and the Devolved Administrations.

The UK ETS acts as a cross-cutting policy lever to drive market-based carbon abatement, incentivising industries to find the most cost-effective solutions to decarbonise. Aligning the UK ETS cap with a net zero consistent trajectory, as set out in the recent consultation on Developing the UK ETS, will send a clear carbon price signal to business and give them the confidence to invest in the transition to greener technology.

Auctions are a primary means through which UK emissions allowances are released to the market. In 2022, a total of 80m UK emissions allowances are due to be sold through fortnightly auctions. Under the Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021 (the "Auctioning Regulations"), UK ETS auctions are run by an auction platform.

This contract relates to the appointment of the UK ETS auction platform. The contract will be awarded by BEIS (as the Contracting Authority). The contract awarded will meet BEIS' business objectives to deliver the auctioning of emissions allowances, in accordance with the Auctioning Regulations and other relevant legislation listed below.

Auctioning on the UK platform must be secure, reliable, user-friendly and fully compliant with the requirements of UK legislation on the auctioning of UK ETS emissions allowances on a definitive auction platform. The auction platform must also maximise and facilitate participation in the auctions, including for small and medium enterprises (SMEs).

At the time of bidding, pursuant to regulation 25 of the Auctioning Regulations, the bidder for the Contract must be a "recognised investment exchange" that either organises a secondary market in allowances or derivatives of allowances, or organises a "wholesale energy market". A "recognised investment exchange" is defined as an investment exchange in relation to which a recognition order is in force under section 290 of the Financial Services and Markets Act 2000, but does not include an overseas investment exchange (within the meaning of section 313 of that Act). A "wholesale energy market" is defined in Article 2(6) of Regulation (EU)1227/2011 of the European Parliament and of the Council of wholesale

energy market integrity.

Where the bidder organises a wholesale energy market but not a market in allowances or derivatives of allowances, they must organise a secondary market in allowances or derivatives of allowances at least 60 trading days prior to the opening of the first bidding window under the Contract. The successful bidder must either already be a "recognised auction platform" (a recognised investment exchange in relation to which a recognition order under the Recognised Auction Platforms Regulations 2011 is in force) or gain recognised auction platform status before 1 January 2023. The application processes for recognised auction platform and recognised investment exchange statuses are set out in the Recognised Investment Exchanges chapter of the FCA Handbook.

II.2.14) Additional information

The Contracting Authority is seeking to engage with the market to obtain a stronger understanding of the market landscape and suppliers who would be able to fulfil this requirement.

Those who have an interest in this requirement should send their contact details to Francis.Todd@beis.gov.uk to receive more information on upcoming market engagement activity.

II.3) Estimated date of publication of contract notice

30 July 2022

Section IV. Procedure

IV.1) Description

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes