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Planning

## **GSS24785 - Auction Platform services for the UK Emissions Trading Scheme**

Department for Energy Security and Net Zero

F01: Prior information notice

Prior information only

Notice identifier: 2024/S 000-036282

Procurement identifier (OCID): ocds-h6vhtk-04b524

Published 8 November 2024, 2:36pm

### **Section I: Contracting authority**

#### **I.1) Name and addresses**

Department for Energy Security and Net Zero

3-8 Whitehall Place

London

SW1A 2EG

#### **Contact**

Ben Osborne

#### **Email**

[coreservices@uksbs.co.uk](mailto:coreservices@uksbs.co.uk)

#### **Country**

United Kingdom

**Region code**

UK - United Kingdom

**Justification for not providing organisation identifier**

Not on any register

**Internet address(es)**

Main address

<https://www.gov.uk/government/organisations/department-for-energy-security-and-net-zero>

Buyer's address

[www.uksbs.co.uk](http://www.uksbs.co.uk)

**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**

Environment

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## Section II: Object

### II.1) Scope of the procurement

#### II.1.1) Title

GSS24785 - Auction Platform services for the UK Emissions Trading Scheme

Reference number

GSS24785

#### II.1.2) Main CPV code

- 79342410 - Electronic auction services

#### II.1.3) Type of contract

Services

#### II.1.4) Short description

The Contracting Authority (DESNZ) 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 include processing admissions to bid; clearing and settlement; high quality customer service; monitoring; and reporting) to Her Majesty's Government (HMG). Further details on UK ETS legislation can be found here:

<https://www.gov.uk/government/publications/participating-in-the-uk-ets/participating-in-the-uk-ets>

The first auction under the terms of the appointment will be on a specified date (to be agreed) on or after 1st January 2026.

The Contracting Authority is utilising this PIN as a market engagement exercise to:

- (a) make the market aware of the upcoming requirement
- (b) to better understand the market landscape of suppliers who would be able to deliver this requirement
- and (c) request that any interested suppliers confirm their interest in bidding by Friday 22nd November 2024.

#### II.1.6) Information about lots

This contract is divided into lots: No

## **II.2) Description**

### **II.2.2) Additional CPV code(s)**

- 66150000 - Financial markets administration services
- 72212470 - Auction software development 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 DESNZ, 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 sectors within the scope of the scheme to find the most cost-effective solutions to decarbonise.

Auctions are a primary means through which UK emissions allowances are released to the market. In 2026, a total of 52m UK emissions allowances are due to be sold through fortnightly auctions. Note that this is an estimated figure and the actual amount may differ.

Under The Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021 ([legislation.gov.uk](https://legislation.gov.uk)) (the "Auctioning Regulations"), UK ETS auctions are run by an auction platform.

This contract relates to the appointment of the UK ETS auction platform service provider. The contract will be awarded by DESNZ (as the Contracting Authority). The contract awarded will meet DESNZ's 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).

The successful bidder will be required to establish and maintain arrangements for the clearing and settlement of all Allowance Auction transactions per regulation 23(a) of the Auctioning Regulations.

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 2026. The application processes for recognised auction platform and recognised investment exchange statuses are set out in the Recognised Investment Exchanges section of the FCA handbook:

<https://www.handbook.fca.org.uk/handbook/REC.pdf>

The procurement schedule will allow time for suppliers to obtain the required accreditations if they do not hold these today. Suppliers will be expected to provide the required information (as specified in the FCA handbook) to the FCA in a timely manner should they intend to obtain these accreditations.

#### **II.2.14) Additional information**

Indicative contract value: The value of the contract is generated from the fee per allowance sold at auction charged by the appointed auction platform. Regulation 34 of the Auctioning Regulations sets out that the fees the appointed auction platform may charge must be no less favourable than comparable standard fees and conditions applied on the secondary market. Bidding suppliers will be asked to propose a fee per allowance sold at auction to charge successful auction bidders in their tender response.

The number of allowances auctioned per year are determined using the formula at Regulation 9 of the Auctioning Regulations.

No fee is paid directly by the Contracting Authority to the auction service provider.

Duration: 3 years with two possible 1-year extension options (total duration of up to 5 years)

The Contracting Authority is seeking to engage with the market to obtain a stronger understanding of the market landscape and suppliers who are interested in fulfilling the accreditation requirements.

Questions for interested suppliers:

- 1) Please confirm if your company intends to bid for this requirement?
- 2) Do you hold RIE accreditation?
- 3) Do you hold RAP accreditation?
- 4) If the response to 1 and/or 2 above is 'no', please share your plan and timeline to obtaining the required accreditation(s), including the date on which you plan to provide the required information (as specified in the Recognised Investment Exchanges section of the FCA handbook) to the FCA.

We are inviting interested suppliers to respond to the above questions by completing this questionnaire <https://forms.office.com/e/1YEkHzW8Qz> by Friday 22nd November 2024.

By responding to the questionnaire, you will be engaging in non-competitive dialogue which will enable DESNZ to develop and assess the market's appetite, concerns and view on the formulation of its requirements. DESNZ may consider the information and responses received as part of the questionnaire to help inform the specification and further decision making in relation to the planning and conduct of the procurement, ensuring all valid options are considered. If only 1 supplier expresses interest, DESNZ will pursue a direct award.

For the avoidance, this notice is not a Call for Competition; a Contract Notice will be issued as a call for competition. Not providing a response to the questionnaire shall not prevent any supplier from participating in a future procurement, nor is it intended that any information suppliers as part of the market consultation place any supplier at an advantage in a potential procurement process.

### **II.3) Estimated date of publication of contract notice**

4 December 2024

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## **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