

Workshop

Auctioning Greenhouse Gas (GHG) permits in Australia

Thursday 29 November 2007

Australian Graduate School of Management (AGSM), UNSW, Sydney

There is bipartisan Federal and State government support for the introduction of a national emissions trading scheme in Australia before 2012. One of the key design questions is permit allocation. All the design proposals currently on the table include at least partial permit auctioning. There is, however, only limited international and no Australian experience on how such auctioning might best be implemented. Given the short time available to finalise scheme design prior to implementation, there is an urgent need to explore auction design options. Two workshops have been held on this topic over the last year (in the United States and the UK). But this is a dynamic area in which work is continuing at a great pace. Some countries have finalised their auction design and other have published their first design studies. Therefore this workshop will bring a timely opportunity to advance our understanding and exchange information over the key questions of auction design.

This one-day workshop aims to give interested policy makers and key stakeholders an opportunity to learn about the various auction design and implementation options. The intention is to start with an auctioning experiment, have two sessions with short presentations including time for discussion, and conclude with a round table discussion. The workshop will be designed to ensure that participants will have enough opportunity for interaction and discussion.

The second session will give an overview of lessons learnt from past auctions (Acid Rain Programme in the US and the UK Greenhouse Gas Emissions Trading Auction) and on the design of upcoming auctions in other emissions trading schemes (EU ETS and Regional Greenhouse Gas Initiative in the US). The third session will present the recommendations for an Australian greenhouse gas permit auction based on a report which can be downloaded.¹ In session four there will be a round-table discussion to identify common understanding and divergent views on auction design as well as topics which need further analysis by e.g. experimental economics.

The workshop will conclude with an information session on the project "Designing environmental policy" which is part of the Environmental Economics Hub funded by the Commonwealth Environment Research Facilities (CERF). Interested stakeholders are invited to provide input into the project outline and stay for the reception.

The presentations will be made available from the following WebPages:

<http://pluto.ecom.unimelb.edu.au/ednetwork/>

www.ceem.unsw.edu.au

http://www.crawford.anu.edu.au/research_units/eerh/

Location: Australian Graduate School of Management (AGSM), Kensington campus, UNSW.

¹ http://www.cabinet.nsw.gov.au/greenhouse/emissionstrading/_data/assets/pdf_file/0015/8421/Auction_Design_Report.pdf

Program

8:30 Session 1 Auction experiment²

10:00 Coffee

10:15 Welcome address

10:30 Session 2 Lessons learnt from and perspectives for other auctions

UK and US auction experiences

UK ETS / Acid Rain Programme auctions presented by Peter Cramton (University of Maryland)

Upcoming Auctions

European Emissions Trading Scheme presented by Regina Betz (UNSW)

Regional Greenhouse Gas Initiative (RGGI) presented by Charles Holt (University of Virginia)

Discussion

12:00 Lunch

13:00 Session 3 Proposal for Australia

Proposed auction type

Volume, frequency and timing

Technical issues of the auction (e.g. institution hosting the auction)

Presented by: Stefan Seifert (University of Karlsruhe) and Regina Betz (UNSW)

Discussion

14:30 Coffee

15:00 Session 4 Round table discussion

Chaired by: Gary Stoneham (Victorian Department of Sustainability and Environment)

Round Table participants: Frank Muller (UNSW), Charles Holt (University of Virginia), Peter Cramton (University of Maryland); Joachim Schleich (Fraunhofer Institute); Stefan Seifert (Uni Karlsruhe)

16:00 Information Session and Kick-off

Project "Designing Environmental Policy", Environmental Economics Research Hub (CERF)

17:30 Reception

The Workshop is sponsored by:

Centre for Applied Economics (CAER)

Centre for Energy and Environmental Markets (CEEM)

Economics Design Network (EDN)

Environmental Economics Research Hub (EERH) under the Commonwealth

Environment Research Facilities (CERF Program)

² Number of Participants for the experiment might be limited