

Test drive your emissions trading auction strategies

ADVISORY

The introduction of the *Australian Carbon Pollution Reduction Scheme (CPRS)* will present many challenges to Australian business including the purchase and sale of *Carbon Pollution Permits* through the proposed auction.

Experience in the UK provides some useful insights into the successful participation in the auction process. For example, during an auction simulation some participants purchased permits when they had meant to sell, others purchased too many and over invested, while others purchased too few.

Getting it wrong can have significant financial implications and rigorously testing your company's readiness to buy and sell permits successfully is difficult prior to 'go live'.

Carbon Pollution Permit Auction Simulation

To assist Australian businesses to 'test drive' their readiness to effectively buy and sell carbon pollution permits, prior to the introduction of the CPRS, KPMG will be facilitating a *Carbon Pollution Permit Auction Simulation*.

Suitable for entities with emissions of 25kt/annum of CO₂-e (at a facility level) and greater and also for fuel suppliers to small energy users, the auction simulation will provide an invaluable 'learn by doing' opportunity for participants.

Conducted over five months, the simulation is designed to mirror the CPRS auction process as closely as possible and enable participants to engage in a realistic simulation, share experiences with other participants and enhance their readiness to buy and sell *Carbon Pollution Permits* in preparation for 2010.

The simulation will include three simulated auctions at which participating companies will bid for 'dummy' permits to match the volume of their actual emissions.

By participating, businesses will enhance their ability to:

- consolidate and field test their emissions data collection systems and procedures
- embed a rigorous and disciplined approach to managing GHG emissions
- develop and price-test carbon reduction strategies
- engage in a realistic auction process on a live exchange and receive guidance and feedback on performance.

Helping business answer questions such as:

- How many permits need to be purchased and at what price?
- How quickly can we reduce and manage our carbon exposure?
- How effective are the risk management controls associated with emissions reporting?



Expression of interest

To express your interest in participating or to find out more please contact:

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