

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 57

Hearing: Supplementary Budget Estimates

Outcome: Outcome 7

Programme: Emissions Reduction Fund Taskforce

Topic: Auction/Tender System

Hansard Page: N/A

Question Date: 27 November 2013

Question Type: Written

Senator Urquhart asked:

What assumptions are being made about price discrimination in the auction/tender system?
How is price discrimination possible in a multiple round process?

Answer:

The Government has released a Green Paper seeking business and community views on the design of all elements of the Emissions Reduction Fund, including the approach to identifying the lowest cost emission reduction opportunities.

The final design of an auction approach will not be known until consultation has been undertaken and the Government announces its final design in the White Paper in early 2014.

The Department of the Environment is not making any assumptions about the design of an auctions system until the above process is complete.

There are a number of possible approaches to achieving price discrimination in a multiple round auction process, including (but not limited to):

- having the price paid to successful bidders be equal to their bid (known as 'pay-as-bid' auctions);
- dividing bidders into groups where each group receives a different price.