



Air Resources Board



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2013 Annual Auction Reserve Price Notice California Cap-and-Trade Program Greenhouse Gas Allowance Auctions Issued on December 3, 2012

Updated on January 15, 2013

Auction Summary

This document, *2013 Annual Auction Reserve Price Notice*, specifies the 2013 Auction Reserve Price and the number of allowances to be auctioned in 2013 for the quarterly auctions as part of the Current Auction and Advance Auction. The 2013 quarterly GHG allowance auctions will offer 2013 vintage allowances and 2016 vintage allowances for sale.

The 2013 Auction Reserve Price and the annual budget of 2013 and 2016 vintage allowances for sale in 2013, is shown in Table 1 below.

Table 1: 2013 Auction Data

Auction Data Description	Auction Data
Auction Reserve Price	\$10.71
Number of allowances to be auctioned in 2013 (2013 Vintage)	56,848,885* <u>57,628,254</u>
Number of advance allowances to be auctioned in 2013 (2016 Vintage)	38,240,000

* Amount could increase based on additional consignment from POUs as described in this notice.

The Auction Reserve Price

The Auction Reserve Price is a predetermined minimum price at which allowances will be sold to auction participants. The 2012 Auction Reserve Price was \$10. Section 95911 of the Cap-and-Trade Regulation stipulates that the "Auction Reserve Price in U.S. dollars shall be the U.S. dollar Auction Reserve Price for the previous calendar year increased annually by 5 percent plus the rate of inflation as measured by the most recently available twelve months of the Consumer Price Index for All Urban Consumers." The rate of inflation used to calculate the 2013 Auction Reserve Price is 2.16 percent.

Current Auction Budget

The current auction budget describes the minimum number of current year vintage allowances to be sold in 2013. This number includes the State-owned allowances (approximately

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10,600,000) and the remaining allowances to be consigned by the electricity distribution utilities. Some public owned utilities (POUs) were provided the flexibility to defer providing direction until January 1, 2013, on how to distribute their allowances between their [Compliance and Limited Use Holding Accounts](#). ~~These deferred allowances total approximately 6,700,000. These are not included in the minimum 2013 annual auction budget. Once ARB receives direction from all of the remaining POUs, this notice will be updated to reflect the final 2013 annual auction budget presented in Table 1. ARB has now received direction from all POUs on how to distribute their allowances and Table 1 has been updated to reflect the final annual auction budget for 2013 vintage allowances.~~ **This annual budget update does not change the amount of 2013 vintage allowances for sale in the February 19 auction.** Twenty-five percent of the State-owned allowances will be available at each auction. Utilities are required to notify ARB 75 days before each auction of the number of allowances they intend to consign. The total number of allowances to be auctioned in each auction will be published in the auction notice 60 days in advance. Utility allowances not consigned in the first three auctions will be included in the November 19, 2013 auction.

Advance Auction Budget

The advance auction budget represents ten percent of the allowances from the budget year three years subsequent to the current calendar year. Since the annual allowance budget of 2016 is 382,400,000, the advance auction budget for 2013 is 38,240,000. These allowances will be equally divided for sale across the four auctions in 2013.

2013 Quarterly Auction Dates

An *Auction Notice* with instructions on how to participate will be published 60 days prior to each auction. The *Auction Notice* provides information about eligibility, auction format, and GHG allowances to be auctioned for the applicable quarterly auction.

Table 2 provides additional information specific to the scheduled quarterly auctions.

Table 2: 2013 Quarterly Auction Critical Dates

Auction Consignment Due Date for EDUs	Auction Notice Posting Date	Auction Application Due Date	Auction Dates
12/6/2012	12/21/2012	1/22/2013	2/19/2013
3/4/2013	3/18/2013	4/16/2013	5/16/2013
6/3/2013	6/17/2013	7/17/2013	8/16/2013
9/5/2013	9/20/2013	10/21/2013	11/19/2013

Contact Information

For further information about participation in the 2013 auctions, please contact: Mr. Chuck Seidler at (916) 324-0931 or cseidler@arb.ca.gov.

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