



# Air Resources Board



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## **Auction Notice** **California Cap-and-Trade Program** **Greenhouse Gas Allowance Auction** **on August 16, 2013** **Issued on June 17, 2013**

### **Auction Summary**

This document, *Auction Notice for the California Cap-and-Trade Program Greenhouse Gas Allowance Auction on August 16, 2013* (“*Auction Notice*”), is the official notification for the August 16, 2013, greenhouse gas (GHG) allowance auction. California’s August 16, 2013, GHG allowance auction (“August 2013 auction”) will offer year 2013 current vintage allowances and year 2016 future vintage allowances for sale.

**The August 2013 auction is scheduled to take place from 10:00 AM Pacific Time (PT) until 1:00 PM PT. The *Auction Notice* provides information about eligibility, auction format, and GHG allowances to be auctioned.**

The number of GHG allowances that will be available for sale during the August 2013 auction is provided in Table 1 below.

**Table 1: GHG Allowances Offered for Sale in the August 2013 Auction**

<b>Auction</b>	<b>Number of GHG Allowances</b>
Current Auction (2013 vintage)	13,865,422
Advance Auction (2016 vintage)	9,560,000

The number of allowances listed for the Current Auction is the final number of allowances offered for sale and includes State-owned allowances and allowances consigned by the electricity distribution utilities.

### **Auction Eligibility**

California covered entities, opt-in covered entities, and voluntarily associated entities are eligible to participate in the August 2013 auction.

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency

## Auction Schedule

Table 1 presents the current schedule for all events associated with the August 2013 auction (“Auction Schedule”).

**Table 1: Auction Schedule**

Activities	Due Date	Time
Release Auction Notice	Monday, June 17, 2013	
Bidders’ conference and auction participant training webinar	Tuesday, July 2, 2013	10:00 AM – 12:00 PM Pacific Time (PT)
Auction application window closes in the Auction Platform	Wednesday, July 17, 2013	11:59 PM PT
All bid guarantees due to Financial Services Administrator	Monday, August 5, 2013	No later than 2:00 PM PT
ARB approves auction participants and participants notified	Wednesday, August 14, 2013	No later than 5:00 PM PT
Auction held	Friday, August 16, 2013	Bidding window open from 10:00 AM – 1:00 PM PT
Public notice of auction results released	Wednesday, August 21, 2013	12:00 PM (Noon) PT
Notification of financial settlement invoice sent to auction participants	Wednesday, August 21, 2013	12:00 PM (Noon) PT
Financial settlement in cash due to Financial Services Administrator	Wednesday, August 28, 2013	No later than 2:00 PM PT
Financial settlement complete	Tuesday, September 3, 2013	
Distribution of auction proceeds complete	Friday, September 6, 2013	
Transfer of allowances into CITSS Accounts	Friday, September 6, 2013	12:00 PM (Noon) PT
Earliest Date for Bid Guarantee Expiration	Friday, September 6, 2013 (21 days after auction)	

### **Administrative Requirements to Participate in Auction**

Prior to applying to participate in an auction, an entity or individual must have an approved account in the Compliance Instrument Tracking System Service (CITSS) and the individuals that will be authorized to submit an application or confirm an intent to bid for the entity, and/or bid on behalf of the entity must be approved as either the Primary Account Representative (PAR) or an Alternate Account Representative (AAR) on that account. Voluntarily associated entities that are participating in the auction as individuals will be required to submit additional documentation to the Financial Services Administrator as contained in Appendix A of the Regulation.

Additionally, in order to participate in the August 2013 auction, the PAR or an AAR must select the Auction Participation box in the CITSS to allow CITSS account information to be transferred to the Auction and Reserve Sale Administrator and Financial Services Administrator. Additional information about administrative requirements and auction participation is provided in Attachment A of this Notice.

### **Procedures for Conducting the Auction**

The August 2013 auction will be conducted using an electronic, internet-based Auction Platform that bidders use to submit their bids in a single-round, sealed-bid auction format. Bid quantities can only be submitted in multiples of 1,000 California GHG allowances. Bids for both the Current Auction and the Advance Auction will be accepted during the same 3-hour bidding window.

Beginning with the highest bid and proceeding to successively lower bids, entities submitting bids at each price will be awarded allowances. The settlement price for all allowances will be the lowest price at which the entire supply of allowances is exhausted or the reserve price, whichever is reached first.

Current and future vintage allowances will be sold in separate auctions. Bids for both auctions will be accepted during the same 3-hour bidding window. The settlement price for the Current Auction will be determined first, followed by the determination of the settlement price for the Advance Auction. Examples of how auctions are settled are provided in Attachment B of this Notice.

### **Form and Manner for Submitting Bids**

The August 2013 auction includes the opening of the 3-hour bidding window in the Auction Platform at 10:00 AM PT and the closing of the window at 1:00 PM PT on August 16, 2013. A countdown clock in the Auction Platform will indicate the amount of time until the start of the bidding window and once the auction begins, the amount of time left in the bidding window. Participants will be able to submit bids manually and

upload bid schedules in a pre-defined Excel template in the Auction Platform during the 3-hour bidding window. Additional information on submitting bids is included in Attachment A of this Notice.

**Bidders' Conference and Auction Participant Training Webinar**

Date: Tuesday, July 2, 2013

Time: 10:00 AM to 12:00 PM PT

Click here to join the Webinar: [www.meetingzone.com/presenter/?partCEC=4225145](http://www.meetingzone.com/presenter/?partCEC=4225145) and sign in under Guest Login.

The Participant PIN (conference ID number) will be prepopulated. For your reference the conference ID number is 4225145.

To dial-in, please use the Participant Phone number and Webinar Passcode listed below:

Participants U.S. and Canada Toll free: 1-866-212-4491

Passcode: 627548

The webinar will continue through the scheduled time period or until all questions are answered. The webinar may end prior to the scheduled end time if there are no webinar participants or all participant questions have been answered.

**Contact Information**

For further information about participation in the August 2013 auction, please contact:

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