



Air Resources Board



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Auction Notice **California Cap-and-Trade Program** **Greenhouse Gas Allowance Auction** **on May 16, 2013** **Issued on March 18, 2013**

Auction Summary

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

The May 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 May 2013 auction is provided in Table 1 below.

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

Auction	Number of GHG Allowances
Current Auction (2013 vintage)	14,522,048
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 May 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 May 2013 auction (“Auction Schedule”).

Table 1: Auction Schedule

Activities	Due Date	Time
Release Auction Notice	Monday, March 18, 2013	
Bidders’ conference and auction participant training webinar	Tuesday, April 2, 2013	10:00 AM – 12:00 PM Pacific Time (PT)
Auction application window closes in the Auction Platform	Tuesday, April 16, 2013	11:59 PM PT
All bid guarantees due to Financial Services Administrator	Monday, May 6, 2013	No later than 2:00 PM PT
ARB approves auction participants and participants notified	Tuesday, May 14, 2013	No later than 5:00 PM PT
Auction held	Thursday, May 16, 2013	Bidding window open from 10:00 AM – 1:00 PM PT
Public notice of auction results released	Tuesday, May 21, 2013	12:00 PM (Noon) PT
Notification of financial settlement invoice sent to auction participants	Tuesday, May 21, 2013	12:00 PM (Noon) PT
Financial settlement in cash due to Financial Services Administrator	Tuesday, May 28, 2013	No later than 2:00 PM PT
Financial settlement complete	Friday, May 31, 2013	
Transfer of allowances into CITSS Accounts	Wednesday, June 5, 2013	12:00 PM (Noon) PT
Auction proceeds distributed	Wednesday, June 5, 2013	

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. Additional information about administrative requirements and auction participation is provided in Attachment A of this Notice.

Procedures for Conducting the Auction

The May 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 May 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 May 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

ARB and the Auction Administrator will hold a bidders' conference and auction participant webinar. The bidders' conference and auction participant training will be open via teleconference to anyone interested in participating in the auction. The bidders' conference will include discussion of the auction format and the application process, and auction procedures and requirements. The bidders' conference webinar will be followed by auction participant training, which will describe how to apply for an auction and submit bids in the Auction Platform, as well as how to submit a bid guarantee. The details for the bidders' conference and auction participant training webinar are provided below.

Date: Tuesday, April 2, 2013

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

Click here to join the Webinar: <http://markit.adobeconnect.com/r1r4x6vsgxs/>
and sign in as a guest.

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

Participants U.S. and Canada Toll free: 888-204-4317

Passcode: 7895664

Contact Information

For further information about participation in the May 2013 Auction, please contact:

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