



# Air Resources Board



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## **Auction Notice** **California Cap-and-Trade Program** **Greenhouse Gas Allowance Auction** **on May 16, 2014** **Issued on March 17, 2014**

### **Auction Summary**

This document, *Auction Notice for the California Cap-and-Trade Program Greenhouse Gas Allowance Auction on May 16, 2014* (“Auction Notice”), is the official notification for the May 16, 2014, greenhouse gas (GHG) allowance auction. California’s May 16, 2014, GHG allowance auction (“May 2014 auction”) will offer year 2014 current vintage allowances and year 2017 future vintage allowances for sale.

**The May 2014 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 2014 auction is provided in Table 1 below.

**Table 1: Published Reserve Price and GHG Allowances Offered for Sale in the May 2014 Auction**

<b>Auction</b>	<b>Number of GHG Allowances</b>	<b>Published Reserve Price</b>
Current Auction (2014 vintage)	16,947,080	\$11.34
Advance Auction (2017 vintage)	9,260,000	\$11.34

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.

*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 Eligibility

California covered entities, opt-in covered entities, and voluntarily associated entities are eligible to participate in the May 2014 auction.

## Auction Schedule

Table 1 presents the current schedule for all events associated with the May 2014 auction (“Auction Schedule”).

**Table 1: Auction Schedule**

<b>Activities</b>	<b>Due Date</b>	<b>Time - Pacific Time (PT)</b>
Release Auction Notice	Monday, March 17, 2014	
Bidders’ conference and auction participant training webinar	Tuesday, April 1, 2014	10:00 AM – 12:00 PM PT
Auction application window closes in the Auction Platform	Wednesday, April 16, 2014	11:59 PM PT
All bid guarantees due to Financial Services Administrator	Monday, May 5, 2014	No later than 2:00 PM PT
ARB approves auction participants and participants notified	Wednesday, May 14, 2014	No later than 5:00 PM PT
Auction held	Friday, May 16, 2014	Bidding window open from 10:00 AM – 1:00 PM PT
Public notice of auction results released	Wednesday, May 21 2014	12:00 PM (Noon) PT
Notification of financial settlement invoice sent to auction participants	Wednesday, May 21, 2014	12:00 PM (Noon) PT
Financial settlement in cash due to Financial Services Administrator	Wednesday, May 28, 2014	No later than 2:00 PM PT
Financial settlement complete	Monday, June 2, 2014	
Distribution of auction proceeds completed by	Thursday, June 5, 2014	
Transfer of allowances into CITSS accounts	Thursday, June 5, 2014	12:00 PM (Noon) PT
Earliest date for bid guarantee expiration	Friday, June 6, 2014 (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 May 2014 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 (Auction Administrator) and Financial Services Administrator. Additional information about administrative requirements and auction participation is provided in Attachment A of this Notice available at [http://www.arb.ca.gov/cc/capandtrade/auction/may-2014/auction\\_notice\\_attachment\\_a.pdf](http://www.arb.ca.gov/cc/capandtrade/auction/may-2014/auction_notice_attachment_a.pdf).

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

The May 2014 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 available at [http://www.arb.ca.gov/cc/capandtrade/auction/may-2014/auction\\_notice\\_attachment\\_b.pdf](http://www.arb.ca.gov/cc/capandtrade/auction/may-2014/auction_notice_attachment_b.pdf).

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

The May 2014 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, 2014. 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, April 1, 2014

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

Click here to join the Webinar and sign in as a guest:

<https://markit.webex.com/markit/onstage/g.php?t=a&d=704627225>

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

Participants U.S. and Canada Toll Free: 1-866-966-5335

Passcode: Auction7

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 May 2014 auction, please contact one of the following individuals:

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