



Air Resources Board



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Auction Notice **California Cap-and-Trade Program** **Greenhouse Gas Allowance Auction** **on November 19, 2013** **Issued on September 20, 2013**

Auction Summary

This document, *Auction Notice for the California Cap-and-Trade Program Greenhouse Gas Allowance Auction on November 19, 2013* (“*Auction Notice*”), is the official notification for the November 19, 2013, greenhouse gas (GHG) allowance auction. California’s November 19, 2013, GHG allowance auction (“November 2013 auction”) will offer year 2013 current vintage allowances and year 2016 future vintage allowances for sale.

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

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

Auction	Number of GHG Allowances
Current Auction (2013 vintage)	16,614,526
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.

On January 15, 2013 ARB updated the 2013 Annual Auction Reserve Price Notice to reflect the final annual auction budget for 2013 vintage allowances at 57,628,254. Based on the allowances offered in the November 2013 auction, the final annual auction budget for 2013 vintage allowances is 57,926,818. This update reflects adjustments in allocations based on minor updates to reported data.

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 November 2013 auction.

Auction Schedule

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

Table 1: Auction Schedule

Activities	Due Date	Time
Release Auction Notice	Friday, September 20, 2013	
Bidders’ conference and auction participant training webinar	Thursday, October 3, 2013	10:00 AM – 12:00 PM Pacific Time (PT)
Auction application window closes in the Auction Platform	Monday, October 21, 2013	11:59 PM PT
All bid guarantees due to Financial Services Administrator	Thursday, November 7, 2013	No later than 2:00 PM PT
ARB approves auction participants and participants notified	Friday, November 15, 2013	No later than 5:00 PM PT
Auction held	Tuesday, November 19, 2013	Bidding window open from 10:00 AM – 1:00 PM PT
Public notice of auction results released	Friday, November 22, 2013	12:00 PM (Noon) PT
Notification of financial settlement invoice sent to auction participants	Friday, November 22, 2013	12:00 PM (Noon) PT
Financial settlement in cash due to Financial Services Administrator	Tuesday, December 3, 2013 ¹	No later than 2:00 PM PT
Financial settlement complete	Friday, December 6, 2013	
Distribution of auction proceeds completed by	Wednesday, December 11, 2013	
Transfer of allowances into CITSS Accounts	Wednesday, December 11, 2013	12:00 PM (Noon) PT
Earliest Date for Bid Guarantee Expiration	Tuesday, December 10, 2013 (21 days after auction)	

¹ The Financial Services Administrator must collect cash payments from successful bidders within seven (7) days of notifying them of the auction results as provided in the Regulation. Due to the holiday, ARB is allowing for additional time for financial settlement in cash for the November 2013 auction only.

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 November 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 available at http://www.arb.ca.gov/cc/capandtrade/auction/november-2013/auction_notice_attachment_a.pdf.

Procedures for Conducting the Auction

The November 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 available at http://www.arb.ca.gov/cc/capandtrade/auction/november-2013/auction_notice_attachment_b.pdf.

Form and Manner for Submitting Bids

The November 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 November 19, 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: Thursday, October 3, 2013

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

Click here to join the Webinar:

<https://markit.webex.com/markit/onstage/g.php?t=a&d=707043921>

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: 1 866 966 5335

Passcode: Auction5

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 November 2013 auction, please contact one of the following individuals:

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