

California Air Resources Board Practice Auction Results

Practice Auction Summary

The California Air Resources Board (ARB) held a practice auction of greenhouse gas allowances on Thursday, August 30, 2012. All entities that registered for the California

Cap-and-Trade Program in January 2012 were eligible to participate in the Practice Auction. No money or allowances changed hands during the Practice Auction. The Practice Auction was designed to introduce entities registered under the California Cap-and-Trade Regulation (Regulation) to the auction and financial services process and procedures, and provide training on auction mechanics in preparation for the inaugural GHG allowance auction in November 2012. Below is information on the results of the Practice Auction.

1. Practice Auction Statistics

- Quantity of Practice Allowances Offered:
 - 20 million current vintage (2013) practice allowances
 - 40 million future vintage (2015) practice allowances
- Number of bidders: 112
- Number of bids: 1,947
- Reserve price: \$10 per allowance

2. Practice Auction Qualified Bidders

There were 121 qualified bidders in the Practice Auction. Of the 121 qualified bidders, 112 Practice Auction participants actually submitted bids during the Practice Auction.

3. Practice Auction Participation

There were 121 qualified bidders in the August 30, 2012, Practice Auction, including:

- 88 covered entities, covered source, or opt-in entities
- 23 general market participants - organization
- 8 general market participants - individual

4. Practice Auction Overview

The auction processes and procedures were applied correctly. Practice Auction participant information was transmitted from the Compliance Instrument Tracking System Service (CITSS) to the Auction Platform and participants successfully logged onto the Auction Platform, confirmed their intent to bid, and submitted their Practice Auction application. During the Practice Auction, support was provided by the Auction Administrator help desk and ARB's CITSS help desk. The participants successfully placed bids manually and were also able to upload the preformatted bid spreadsheet in the Auction Platform.

A sample organization results report was emailed to Practice Auction participants on Tuesday, September 4, to illustrate how the auction financial settlement invoices will be received. To avoid any potential confusion about market prices, the sample results report did not disclose a settlement price, allowances sold, successful or unsuccessful bids, or the total amount due.

5. Practice Auction Survey Results:

On Wednesday, September 5 through Thursday, September 6, a short survey of Practice Auction participants was conducted by the Auction Administrator. The results of the Practice Auction survey are provided below.

Question	Yes	No
Have you ever had prior experience using an auction platform or participating in an auction prior to the practice auction?	24.5%	75.5%
Was it helpful to have the relevant CITSS registration information available for confirmation in the Auction Platform for the practice auction application process?	88.5%	11.5%
Did you view the Resources section of the Auction Platform?	86.3%	13.7%
If so, did you find the Auction Platform Resources section of the Auction Platform helpful and user friendly?	88.6%	11.4%
Was the Auction (bidding) screen user friendly?	80.4%	19.6%
Was the bid schedule upload template on the Auction screen helpful and user friendly?	86.3%	13.7%
Were the email instructions from the Auction Platform clear and informative?	66.0%	34.0%

Question	Excellent					Poor
	1	2	3	4	5	
Please rate your overall experience of the Auction Platform	8.3%	45.8%	27.1%	14.6%	4.2%	

6. Practice Auction Platform and Auction Process Feedback

Feedback on the Auction Platform has been positive and comments on the process from Practice Auction participants have been helpful. Specific feedback and lessons learned include:

- The Auction Platform is very straightforward and easy to use.
- The Auction Platform accepted bids that included fractions of a cent (e.g., \$12.153); this will be revised prior to the November auction.
- Greater communication and education is needed regarding:
 - Relationship between registration in the CITSS and auction application in the Auction Platform.
 - Auction account activation process; each representative that wants to participate in the auction must click on the activation link in the account activation email from the Auction Administrator in order to receive email notifications and to be able to log into the Auction Platform to access resources not available on the public portion of the Auction Platform.
 - The Auction Platform accepted bids below the auction floor price or that exceeded the bid guarantee, holding limit, or purchase limits; these bids are accepted by the Auction Platform for review after the bidding window closes. Bids that exceed the bid guarantee, holding limit, or purchase limit are evaluated and be will be partially accepted to the extent that the constraints will allow.