



# CITSS

Compliance Instrument  
Tracking System Service

**COMPLIANCE INSTRUMENT  
TRACKING SYSTEM (CITSS)  
DESIGN PROPOSAL MEETING  
January 16, 2012**

## AGENDA ITEMS

- Introductions
- Design Proposal Meeting Goals
- CITSS Background
- CITSS Future Development Plans
- Stakeholder Design Proposals
- Next Steps and Next Webinar Date

# Introductions

- Air Resources Board Representatives
  - Matthew Botill
  - Natalie Lee
  - Bob Languell

# CITSS Design Process

- Goals
  - Collect stakeholder feedback and requests for new or modified CITSS features (completed Jan 4)
  - Prioritize the stakeholder requests
  - Refine requirements for selected stakeholder functionality
  - Program selected functionality by Release 3.0 code freeze – scheduled for early April
  - Program additional selected functionality for Release 4.0

# Today's Webinar

- Goals
  - Review the CITSS future development schedule
  - Review submitted proposal summaries
  - Gather additional detail on submitted proposals
  - Identify stakeholder proposals for potential inclusion in future CITSS updates

Reminder: This webinar has a specific focus on CITSS functionality and design. Questions submitted outside the scope of the webinar will not be addressed. ARB staff will not address regulatory issues during the webinar or through questions.

## CITSS Background

- CITSS - Account and compliance instrument registry for California Cap-and-Trade Program
- CITSS and the Auction Platform are separate systems
  - CITSS info:  
<http://www.arb.ca.gov/citss>
  - Auction info:  
<http://www.arb.ca.gov/cc/capandtrade/auction/auction.htm>

## Existing CITSS Modules

- User Registration
- Account Registration
- Account Management
- Allowance and Offset Transfers
  - Allocation
  - Consignment
  - Auction results
  - Secondary market transfers

# CITSS Future Development Plans

- Anticipate Release 3.0 to be in June 2013
  - Public Reports
  - Holding Limits
  - Corporate Associations
  - Facility Management
  - Stakeholder Design Proposals
- Anticipate Release 4.0 to be in December 2013
  - Compliance Instrument Retirement
  - Stakeholder Design Proposals

# Stakeholder Design Proposal Summary

- ARB received 18 proposals, related to:
  - Account representative permissions
  - Account management features
  - Holding Limits
  - Emissions compliance
  - Auction procedures and other non-CITSS issues

# Proposal 1 – Account Representative Permissions

## Proposal:

- (1) Provide features that allow the Primary Account Representative or ARB to limit which account representatives can transfer compliance instruments (CIs) and bid at auction; or
- (2) allow the entity to designate which representatives can, propose a transfer, accept a transfer, approve a transfer, update entity information, and bid at auction.

# Proposal 1 – Account Rep Permissions

## Potential Solution for Release 3.0:

- Provide the PAR the ability to select which representatives can bid at auction.
- Auction representatives will still be able to submit transfer requests.

## Potential Longer-Term Solution:

- Add an “Auction Representative” user type to CITSS.
- The proposed change would require a regulatory change. Regulatory change proposal would need to be prepared and approved.

# Proposal 2 – Compliance Transfers

## Proposal:

Provide the ability for a covered entity to transfer compliance instruments from their General Holding Account directly to another entity's Compliance Account.

# Proposal 2 – Compliance Transfers

## Discussion:

- The regulation currently states that transfer requests occur between source and destination holding accounts.
- CITSS was programmed according to this language.
- The proposed change would require a regulatory change. Regulatory change proposal would need to be prepared and approved.

## Proposal 3 – Retirement Flexibility

### Proposal:

To meet annual and tri-annual compliance obligation, provide covered entities the flexibility to select the type, vintage, and quantity of CIs to be retired from the compliance account, as long as such actions meet the requirements and limitations in the Regulation.

## Proposal 3 – Retirement Flexibility

### Discussion:

Because such flexibility represents additional programming time, ARB would like to understand the specific business need for this feature.

If implemented, enhancing CITSS so that the entity can select specific compliance instruments for retirement would be a Release 4.0 item.

## Proposal 4 – Retirement Timing

### Proposal:

Provide the ability to retire CIs for compliance at any time prior to the regulatory deadline.

# Proposal 4 – Retirement Timing

## Discussion:

- Compliance deadlines are listed in the Regulation.
- The retirement process in the Regulation requires that ARB move CIs from the Compliance Account to the ARB Retirement Account.
- The proposed change would require a regulatory change. Regulatory change proposal would need to be prepared and approved.

# Proposal 5 – Holding Limits

## Proposal:

- Provide customized holding limit and limited exemption information for each entity in CITSS account.
- Provide automated update of the amount of CIs in each account (general and compliance), the holding limits, and the limited exemption.

## Proposal 5 – Holding Limits

### Proposed Solution:

ARB anticipates implementing features as part of Release 3.0 that would allow an entity to see its current holding limit and limited exemption values.

## Proposal 6 – Account Folders

### Proposal:

To better organize and keep track of allowances, provide functionality to allow an entity to move and view allowances in their CITSS General Account, separated into sub-accounts, created and named by the PAR or AAR.

## Proposal 6 – Account Folders

### Discussion:

- As ARB believes this type of functionality does not exist in any other cap-and-trade registry. ARB staff need more information regarding the need for this type functionality.

## Proposal 7 – Data APIs or Extracts

### Proposal:

Provide published API or data extracts to obtain real-time information and ensure accurate information flows. The following data extracts were proposed:

- Inventory report download – for all accounts.
- Transfer report download – for all accounts.
- Holding Limits/limited exemptions report.

# Proposal 7 – Data APIs or Extracts

## Discussion:

- ARB has implemented the transfer download and anticipates implementing the holding limit report as part of Release 3.0.
- ARB anticipates including the inventory report as part of Release 3.0. Due to scheduling concerns, this report may be delayed until Release 4.0.
  - Will providing the data extracts through the user interface be sufficient?

## Proposal 8 – Account APIs

### Proposal:

Provide a published API for inventory positions, trade validation, account management, and registration activities.

## Proposal 8 – Account APIs

### Discussion:

ARB does not intend to implement any additional APIs for CI transfers and user registration activities.

- Extracts for transfers and holdings data already exist.
- APIs for data entry present concerns around security, data accuracy, and regulatory conformance.

# Proposal 9 – Account Number Listing

## Proposal:

Provide the ability to look up account information for counterparts prior to initiating/confirming a transfer request.

## Proposal 9 – Account Number Listing

### Discussion:

The CITSS does not present a searchable listing of account numbers and reference codes and was designed in this manner as a response to specific concerns about system security and inappropriate disclosure of registered participants.

There are no current plans to change this CITSS design element.

# Proposal 10 – Historical Account Balances

## Proposal:

Provide a report that would display and store historical account balances.

# Proposal 10 – Historical Account Balances

## Discussion:

- ARB anticipates including a historical account balance report as part of Release 3.0.
- Due to scheduling concerns, this report may be delayed until Release 4.0.

# Proposal 11 – Transfer Price Disclosure

## Proposal:

Provide an additional column for “price” data to the Transfer History Table.

# Proposal 11 – Transfer Price Disclosure

## Solution:

- ARB has updated the transfer download in the CITSS to include price information.
- This updated extract was made available with Release 2.1 on December 11, 2012.
  - ARB will demonstrate this report during the webinar.



## Proposal 12 – Facility Allocation Data

### Proposal:

Provide the ability to view facility level allocation data in CITSS for entities that have consolidated accounts.

# Proposal 12 – Facility Allocation Data

## Discussion:

- ARB anticipates updating CITSS so that each entity will be able to view and manage the facilities in a consolidated CITSS account.
- This information is limited to description data (GHG ID, addresses, etc.) and is not anticipated to include allocation data.
- Individual facility allocation data can be provided outside of the CITSS through a process established by ARB staff.



## Proposals 13 – More Account Reps

Proposal:

Provide the ability for just one person to complete CITSS transfers.

# Proposals 13 – More Account Reps

## Discussion:

- The requirement for two representatives is a regulatory requirement to participate in a transfer and is required in response to specific concerns about system security.
- The CITSS has been updated to allow an entity to designate one PAR and as many as four AARs, thus minimizing the limitation posed by only two representatives.

## Proposals 14 – 17 Auction Proposals

### Proposals:

- Provide an official ARB receipt for the purchase of allowances from ARB auction.
  - Publish auction settlement and consignment revenue information through CITSS.
  - Provide a confirmation message to bidders upon successful submission of a bid.
- Issues are not a related to existing or planned CITSS functions.

## Proposals 14 – 17 Auction Proposals

### Discussion:

- ARB is currently working with the Auction Administrator and Financial Services Administrator to develop a more formalized invoice process for allowances purchased at auction.
- Auction settlement and consignment revenue reporting is not planned for CITSS.
- ARB's Auction Administrator will provide a Client Bid Audit Report for auction participants submitting bids.

## Proposals 18 – Frequent Mistakes

### Proposal:

Provide a document on the ARB website that identifies “Frequently Made Mistakes” by CITSS users and auction participants.

# Proposals 18 – Frequent Mistakes

## Discussion:

ARB will review how this type of information can be integrated into CITSS communications, including user guides and Frequently Asked Questions.

## Next Steps and Next Webinar Date

- Additional Questions?
- Please provide additional comments on design proposals by January 23rd.
- Next Webinar Tentatively Scheduled for January 30<sup>th</sup>.