

Public Information Sharing in California's Cap-and-Trade Program

California Air Resources Board
January 25, 2013

Webcast Information

- Slides posted:
<http://www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm>
- Email questions:
auditorium@calepa.ca.gov

Agenda

- Status Update & Background
- Purpose of Information Sharing
- Information Sharing Data Elements
 - Allocation
 - Compliance Obligation Data
 - CITSS Registrant Data
 - CITSS Account Balances
 - Auction Related Data
 - Market Transaction Transfer Data
 - Retired Compliance Instrument Data
 - Offset Project Data

Status Update

- Cap-and-Trade Regulation effective January 1, 2012
- Regulatory Amendments effective September 1, 2012
- Emissions Compliance January 1, 2013
- Proposed Amendments for Linkage
 - Anticipated Board consideration February 2013
- Additional Amendments and Offset Protocols
 - Anticipated Board consideration Fall 2013

Background

- Staff proposals and public discussion on market program data release
- Current regulation and policy reflect multiple years of staff and stakeholder coordination
- September 24th, 2012 EMAC meeting:
 - ARB information sharing plan posted
 - EMAC discussion paper posted

www.arb.ca.gov/cc/capandtrade/emissionsmarketassessment/emissionsmarketassessment.htm

Purpose of Information Sharing

- Transparency increases market efficiency by informing decision making and reducing transaction costs
- Symmetric information makes it more difficult for entities to trade on private information
- Supply and demand information can inform investments in clean technology and offset projects
- Public able to see how market is working and that covered entities and offset developers are complying
- ARB's proposed information sharing is consistent with other regulatory and voluntary programs

Information Sharing Data Elements

Allocation

- Annual Industrial Allocation
 - No individual entity allocation
 - Aggregated total by industrial sector
 - Sectors with fewer than 5 entities are grouped under “other”

http://www.arb.ca.gov/cc/capandtrade/allowanceallocation/sector_based_industrial_allocation.pdf

- Electrical Distribution Utilities
 - Published on ARB website

<http://www.arb.ca.gov/cc/capandtrade/allowanceallocation/allowanceallocation.htm>

- Staff proposal for additional data:
 - Post annual allocation detail for POUs

Compliance Obligation Data

- ARB publishes reported and verified GHG emissions by facility on the MRR webpage

<http://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-rep.htm>

- Staff proposal for additional data:
 - Post annually compliance obligation by CITSS entity on ARB website

CITSS Registrant Data

- Regulation allows release of CITSS entity information, disallows release of CITSS user information
- Staff proposal:
 - List entity names
 - If Voluntarily Associated Entity is an individual person, then list that person's name
 - Update monthly on ARB website

CITSS Account Balances

- Compliance Account balance is public by Regulation
 - Discussion: How often should the balances be published?
 - e.g. continuously, monthly, quarterly?
- Limited Use Holding Accounts balances are treated like General Holding Accounts and are not public
- Discussion: Should Holding Accounts balances be public?
- Staff Proposal:
 - Near-term: update compliance account balances monthly on ARB website
 - Once automated in CITSS: update weekly

Auction Related Data

- Some auction related information required to be public by Regulation
- Annual auction budget and auction reserve price, posted on December 1
- 60 days prior to each auction - auction notice
 - Date and time of Auction
 - Auction budget (Current and Advance)
 - Attachment A - auction requirements and instructions
 - Attachment B – example calculations for bid guarantees, holding and purchase limits, and auction settlement

Auction Related Data (cont.)

- Public Auction Summary Data:
 - Total Allowances Available for Sale
 - Total Allowances Sold at Auction
 - Total Submitted and Qualified Bids Divided by Total Allowances for Sale
 - Auction Reserve Price
 - Settlement Price Per Allowance
 - Allowances Purchased by Compliance Entities
 - Herfindahl-Hirschman Index
 - Bid Price Summary Statistics:
 - Maximum Price
 - Minimum Price
 - Weighted Mean
 - Median Price

http://www.arb.ca.gov/cc/capandtrade/auction/november_2012/auction1_summary_statistics_2012q4nov.pdf

CITSS Transfer Data

- The following transfer information is required by regulation to be recorded in CITSS by participants:

Account Number
Entity Reference Code
Quantity
Price
Currency
Actual or Expected Settlement Date
Agreement Date

- This information is optional:

Transfer to Corporate Associate
Trading Venue (OTC, Exchange, Other)
Type of Contract (Spot, Forward, Future, Other)

Market Transaction Data Discussion Questions

- Discussion: What transfer information is useful for an efficient and transparent market?
- Options:
 - All individual transactions without account names or numbers
 - All aggregate volume and price information
 - Only information on “spot” trades (volume and price)
 - Value in volumes related to “zero” price
- Discussion: What is the value of self-reported data if the information fields are optional?

Example Market Transaction Data Report

(example “spot” trades only)

Instrument Type	Vintage	Quantity	# of Transactions	Weighted Average Price	Median Price
Allowances	2013	49,000	5	\$12.75	\$12.86
	2015	16,000	4	\$12.83	\$12.90
Offsets (Sequestration Projects)	2007	3,000	3	\$8.00	\$8.40
	2008	2,000	2	\$7.92	\$7.95
	2009	1,000	1	\$7.79	\$7.81
	2010	0	0	-	-
	2011	0	0	-	-
	Offsets (Non-Sequestration Projects)	2007	1,000	1	\$8.10
	2008	2,000	1	\$8.03	\$8.39
	2009	3,000	3	\$7.98	\$8.00
	2010	0		-	-
	2011	0		-	-

Retired Compliance Instrument Data

- Retired allowances and offsets required to be public by Regulation
- Staff proposal:
 - Retired compliance instruments (vintage and quantity) will be published annually by entity in the Permanent Retirement Registry on ARB's website after compliance deadlines

Offset Project Data

- Regulation requires an Approved Offset Registry to publish project listing information including:
 - Project location
 - Type of project
 - Project operator
- Staff Proposal:
 - Publish issued offset quantity by project and vintage
 - Updated monthly on ARB's website

Offset Project Data (cont.)

- Regulation requires the Approved Offset Registry to publish:
 - Annual verified baseline emissions for each project
 - Annual verified emissions reductions for each project
 - Final offset project data report providing comprehensive accounting of GHG reductions and project activities
 - A verification statement for each reporting period
- ARB website will link to published offset data reports for listing, reporting, and verification statements once compliance offsets are issued in CITSS

Offset Invalidation Data

- ARB will publish by invalidation risk periods
 - (8 or 3 years) by project and vintage on ARB website
- Staff Proposal:
 - Quantity and vintage, by project, of invalidated offsets will be updated monthly on ARB's website

Next Steps

- Staff requests comments on today's presentation and any other market information release related topics
- All written comments due 5 PM PT, February 8, 2013
<http://www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm>
- Staff will review comments and incorporate suggestions in releases of market related information
- This is a dynamic process and adjustments can be made as program matures

Additional Information

- Cap-and-Trade Program

<http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>

- Join the cap-and-trade list serve

http://www.arb.ca.gov/listserv/listserv_ind.php?listname=capandtrade

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Questions