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”

• 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 Registra nt 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

CITSS Transfer Data

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

<table>
<thead>
<tr>
<th>Account Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity Reference Code</td>
</tr>
<tr>
<td>Quantity</td>
</tr>
<tr>
<td>Price</td>
</tr>
<tr>
<td>Currency</td>
</tr>
<tr>
<td>Actual or Expected Settlement Date</td>
</tr>
<tr>
<td>Agreement Date</td>
</tr>
</tbody>
</table>

- This information is optional:

<table>
<thead>
<tr>
<th>Transfer to Corporate Associate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading Venue (OTC, Exchange, Other)</td>
</tr>
<tr>
<td>Type of Contract (Spot, Forward, Future, Other)</td>
</tr>
</tbody>
</table>
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)*

<table>
<thead>
<tr>
<th>Instrument Type</th>
<th>Vintage</th>
<th>Quantity</th>
<th># of Transactions</th>
<th>Weighted Average Price</th>
<th>Median Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowances</td>
<td>2013</td>
<td>49,000</td>
<td>5</td>
<td>$12.75</td>
<td>$12.86</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>16,000</td>
<td>4</td>
<td>$12.83</td>
<td>$12.90</td>
</tr>
<tr>
<td>Offsets (Sequestration Projects)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>3,000</td>
<td>3</td>
<td></td>
<td>$8.00</td>
<td>$8.40</td>
</tr>
<tr>
<td>2008</td>
<td>2,000</td>
<td>2</td>
<td></td>
<td>$7.92</td>
<td>$7.95</td>
</tr>
<tr>
<td>2009</td>
<td>1,000</td>
<td>1</td>
<td></td>
<td>$7.79</td>
<td>$7.81</td>
</tr>
<tr>
<td>2010</td>
<td>0</td>
<td>0</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2011</td>
<td>0</td>
<td>0</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Offsets (Non-Sequestration Projects)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>1,000</td>
<td>1</td>
<td></td>
<td>$8.10</td>
<td>$8.45</td>
</tr>
<tr>
<td>2008</td>
<td>2,000</td>
<td>1</td>
<td></td>
<td>$8.03</td>
<td>$8.39</td>
</tr>
<tr>
<td>2009</td>
<td>3,000</td>
<td>3</td>
<td></td>
<td>$7.98</td>
<td>$8.00</td>
</tr>
<tr>
<td>2010</td>
<td>0</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2011</td>
<td>0</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
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
Contacts

Dr. Steve Cliff, Chief, Climate Change Program Evaluation Branch
scliff@arb.ca.gov

Ms. Rajinder Sahota, Manager, Cap-and-Trade Program Monitoring
rsahota@arb.ca.gov

Mr. Sean Donovan, Staff, Cap-and-Trade Program Monitoring
sdonovan@arb.ca.gov
Questions