

Estimate of State-Auctioned Allowances by Fiscal Year

Proposed amendments regarding the allocation of allowances under the Cap-and-Trade Regulation affect the number of allowances the State would auction in subsequent years. Below is an estimate of the total State-owned allowances (according to current and future vintage) that will be offered for sale at auctions for fiscal years through 2020. These estimates are for State-auctioned allowances only and do not include allowances consigned for sale by utilities as a result of electricity or natural gas allocation.

Table 1: Estimate of State-auctioned allowances by fiscal year (in millions)

Fiscal Year	13/14	14/15	15/16	16/17	17/18	18/19	19/20**
Current Vintage	10	89	160	148	138	111	68
Future Vintage	38	36	35	34	17	17	0.00
Total*	48	125	195	182	155	128	68

* All estimates are rounded to nearest whole million.

** There are two additional auctions in the second half of 2020 that would be part of the 20/21 fiscal year that are not reflected in this table.

The estimate of the number of allowances that ARB will auction each year relies on a number of assumptions that can affect the actual values significantly. These assumptions are:

- 1) Calculations assume that the proposed allocation related amendments to the Cap-and-Trade Regulation¹ heard on October 25, 2013 are approved by the Board. These are estimates based on current data available. These proposed amendments include:
 - a) A shift in the assistance factor decline by one compliance period for those in the low and medium leakage risk classification;
 - b) Free allowances to new industrial covered entities as listed in Table 8-1;
 - c) Retirement of 2015 vintage allowances associated with exemption of waste-to-energy facilities in the first compliance period;
 - d) Retirement of 2015 vintage allowances associated with exemption of “but-for” cogeneration facilities in the first compliance period;
 - e) Free allowances to California universities;
 - f) Free allowances to public wholesale water agencies;
 - g) Free allowances to legacy contract generators;
 - h) Free allowances to natural gas suppliers; and
 - i) Free allowances to public service facilities.
- 2) Industry growth rate is estimated to be an increase of one percent per year for purposes of determining industry allocation and the remainder of allowances available for auction.
- 3) Allowances auctioned in FY 14/15 include the remainder of 2015 vintage allowances that were not sold in November 2012.
- 4) For calculating allowances available for auction for FY 15/16 and later years, this analysis assumes that 100 percent of the future vintage allowances that are offered sell at each auction. Future vintage allowances that do not sell would be offered at later years such that the total number of allowances is the same, but the amount in any one year could be different. For example, in advance auctions during calendar year 2015, 2018-vintage allowances are offered. This analysis assumes all those allowances sell in 2015. If they do not, the same amount of total allowances exist, but they would be re-offered for sale in auctions during calendar year 2018 which would change the outcome of the values estimated in the table.
- 5) This analysis does not include any post 2020 allowances.

¹ Information about impacts of proposed amendments to specific sectors can be found at: <http://www.arb.ca.gov/regact/2013/capandtrade13/capandtrade13.htm>