

December 1, 2017

Subject: December 2017 Reserve Sale Will Not Be Offered

The California Cap-and-Trade Program includes an Allowance Price Containment Reserve (APCR) available to California covered entities and opt-in covered entities in quarterly Reserve sales.

The updated Cap-and-Trade Regulation (Regulation) which took effect on October 1, 2017, includes new requirements related to offering Reserve sales. Section 95913(d)(1) of the Regulation states the following:

95913(d)(1) Reserve sales shall be conducted pursuant to the schedule in Appendix C.

95913(d)(1)(A) Except for the Reserve sale immediately preceding the compliance obligation instrument surrender deadline on November 1, a Reserve sale will only be offered if the Current Auction held in the preceding quarter resulted in a settlement price greater than or equal to 60% of the lowest Reserve tier price. Beginning in 2021, the first, second, and final Reserve sales scheduled for each year will only be offered if the Current Auction held in the preceding quarter results in an auction settlement price greater than or equal to 60% of the Reserve Sale Price.

95913(d)(1)(B) The Reserve sale immediately preceding the compliance obligation instrument surrender on November 1 of each year will always be offered.

The Current Auction settlement price for the August 2017 Joint Auction #12 was less than 60% of the Reserve Tier 1 price, so CARB will not offer the December 2017 Reserve Sale.

The [2018 Annual Allowance Price Containment Reserve Notice](#) and [2018 Reserve Sale Summary of Potential Dates](#) provide the number of Reserve allowances potentially available, the tier prices in effect, and the potential dates of Reserve sales in 2018. These documents are available on the CARB Reserve Sale Information webpage at www.arb.ca.gov/cc/capandtrade/reservesale/reservesale.htm.

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