



Air Resources Board



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Reserve Sale Notice **California Cap-and-Trade Program** **Sale of Greenhouse Gas Allowances from the** **Allowance Price Containment Reserve** **on June 30, 2014** **Issued on May 30, 2014**

Reserve Sale Summary

This document, *Reserve Sale Notice for the California Cap-and-Trade Program Sale of Greenhouse Gas Allowances from the Allowance Price Containment Reserve on June 30, 2014* (“Reserve Sale Notice”), is the official notification for the June 30, 2014, greenhouse gas (GHG) reserve sale (June 2014 reserve sale). California’s June 30, 2014, reserve sale will offer GHG allowances from the Allowance Price Containment Reserve (APCR) for sale in three fixed-price, equal-sized tiers.

The June 2014 reserve sale is scheduled to take place from 10:00 AM Pacific Time (PT) until 1:00 PM PT on June 30, 2014. The *Reserve Sale Notice* provides information about eligibility, reserve sale format, and APCR allowances offered for sale.

The number of APCR allowances that will be available during the June 2014 reserve sale is provided in Table 1 below.

Table 1: APCR Allowances Offered in the June 2014 Reserve Sale

| Sale | Number of APCR Allowances |
|--------------------------------|----------------------------------|
| Tier 1 - \$42.38 per allowance | 40,611,000 |
| Tier 2 - \$47.68 per allowance | 40,611,000 |
| Tier 3 - \$52.98 per allowance | 40,611,000 |

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

Reserve Sale Eligibility

California covered entities and opt-in covered entities are eligible to participate in the June 2014 reserve sale.

Reserve Sale Schedule

Table 1 presents the current schedule for all events associated with the June 2014 reserve sale (“Reserve Sale Schedule”).

Table 1: Reserve Sale Schedule

| Activities | Date | Time - Pacific Time (PT) |
|--|---|--|
| Release Reserve Sale Notice | Friday, May 30, 2014 | 12:00 PM (Noon) PT |
| Reserve sale application window closes in the Auction Platform | Thursday, June 12, 2014 | 11:59 PM PT |
| All bid guarantees due to Financial Services Administrator | Wednesday, June 18, 2014 | No later than 2:00 PM PT |
| ARB approves reserve sale participants and participants notified | Thursday, June 26, 2014 | No later than 5:00 PM PT |
| Reserve sale held | Monday, June 30, 2014 | Bidding window open from 10:00 AM – 1:00 PM PT |
| Public notice of reserve sale results released | Thursday, July 3, 2014 | 12:00 PM (Noon) PT |
| Notification of financial settlement invoice sent to reserve sale participants | Thursday, July 3, 2014 | 12:00 PM (Noon) PT |
| Financial settlement in cash due to Financial Services Administrator | Thursday, July 10, 2014 | No later than 2:00 PM PT |
| Financial settlement complete | Tuesday, July 15, 2014 | |
| Transfer of allowances into CITSS Accounts | Friday, July 18, 2014 | 12:00 PM (Noon) PT |
| Earliest date for bid guarantee expiration | Monday, July 21, 2014 (21 days after reserve sale) | |

Administrative Requirements to Participate in the June 2014 Reserve Sale

Prior to applying to participate in a reserve sale, an entity must have an approved account in the Compliance Instrument Tracking System Service (CITSS) and the individuals that will be authorized to submit an application or confirm an intent to bid for the entity, and/or bid on behalf of the entity must be approved as either the Primary Account Representative (PAR) or an Alternate Account Representative (AAR) on that account.

Additionally, in order to participate in the June 2014 reserve sale, the PAR or an AAR must select the "Auction Participation" box in the CITSS to allow CITSS account information to be transferred to the Auction and Reserve Sale Administrator (Auction Administrator)¹ and Financial Services Administrator. To ensure an active Auction Platform account throughout the reserve sale until allowances are transferred and the reserve sale is closed, the "Auction Participation" box must remain selected. Additional information about administrative requirements and reserve sale participation is provided in Attachment A of this Notice available at http://www.arb.ca.gov/cc/capandtrade/auction/june-2014/reserve_sale_attachment_a.pdf.

NOTE: The box in the CITSS which is selected to indicate participation in either an upcoming auction or reserve sale is labeled "Auction Participation" box for simplicity.

Procedures for Conducting the Reserve Sale

The June 2014 reserve sale will be conducted using an electronic, internet-based Auction and Reserve Sale Platform (Auction Platform) that bidders use to submit their bids. Bid quantities can only be submitted in multiples of 1,000 GHG APCR allowances. Bids must be submitted in one of the three tiers, each has a set tier price. Bid schedules that include bids for allowances from more than one tier will be allowed.

Sales from each tier will be conducted in succession, beginning with the lowest-priced tier and proceeding to the highest-priced tier, until either all available GHG APCR allowances are sold or all the accepted bids are filled. Examples of how reserve sales are settled are provided in Attachment B of this Notice available at http://www.arb.ca.gov/cc/capandtrade/auction/june-2014/reserve_sale_attachment_b.pdf.

¹ For simplicity the Auction and Reserve Sale Administrator is referred to as the Auction Administrator in all notices regarding auctions and reserve sales.

Form and Manner for Submitting Bids

The June 2014 reserve sale includes the opening of the 3-hour bidding window in the Auction Platform at 10:00 AM PT and the closing of the window at 1:00 PM PT on June 30, 2014. A countdown clock in the Auction Platform will indicate the amount of time until the start of the bidding window and once the reserve sale has begun, the amount of time left in the bidding window. Participants will be able to submit bids manually and upload bid schedules in a pre-defined Excel template in the Auction Platform during the 3-hour bidding window. Additional information on submitting bids is included in Attachment A of this Notice.

Notification of No Qualified Applicants

If there are no qualified applicants or qualified bidders for any scheduled reserve sale, that reserve sale will not be held. The determination not to hold a reserve sale can be made by ARB at the close of the application period, at the due date for submittal of bid guarantees, or at the deadline for ARB approval of participants which is scheduled to occur two (2) days prior to each reserve sale. If a reserve sale will not be held, ARB will post a notification on the ARB Auction Information webpage at www.arb.ca.gov/auction no later than two (2) days prior to the scheduled reserve sale.

Reserve Sale Participant Training Materials

Reserve sale participant training materials are available on ARB's Auction Information webpage at www.arb.ca.gov/auction including descriptions of the following:

- reserve sale format, application process, procedures, and requirements,
- how to apply for a reserve sale and submit bids in the Auction Platform, and
- how to submit a bid guarantee.

Contact Information

For further information about participation in the June 2014 reserve sale, please contact one of the following individuals:

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