



Matthew Rodriguez
Secretary for
Environmental Protection

Air Resources Board

Mary D. Nichols, Chair
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov



Edmund G. Brown Jr.
Governor

Reserve Sale Notice

California Cap-and-Trade Program

Sale of Greenhouse Gas Allowances from the

Allowance Price Containment Reserve

on October 4, 2016

Issued on September 2, 2016

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 October 4, 2016 (Reserve Sale Notice), is the official notification for the October 4, 2016, greenhouse gas (GHG) allowance reserve sale (October 2016 Reserve Sale). The October 2016 Reserve Sale will offer allowances from the Allowance Price Containment Reserve (APCR) for sale in three fixed-price, equal-sized tiers. In the Auction and Reserve Sale Platform (Auction Platform),¹ the October 2016 Reserve Sale is identified by the title October 2016 Reserve Sale 15.

Additional background information, detailed instructions, and examples are posted in two supporting documents to provide information that remains static for each 2016 reserve sale event. The [2016 Detailed Reserve Sale Requirements and Instructions](#) document provides background information on the California Cap-and-Trade Program as well as detailed requirements and instructions for participating in a reserve sale, including eligibility; applicant requirements; administrative requirements; submitting a bid guarantee; bidding; and a description of the process to complete reserve sale financial settlement and transfer of allowances. This document was formerly included as Attachment A to each Reserve Sale Notice.

The [2016 Reserve Sale Examples](#) document provides information and examples of how to determine the amount of a bid guarantee, how holding limits are applied, and examples of reserve sale bid fulfillment and purchase determinations. This document was formerly included as Attachment B to each Reserve Sale Notice.

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

Date and Time of Reserve Sale

The October 2016 Reserve Sale is scheduled to take place on Tuesday, October 4, 2016 from 10:00 AM Pacific Time (PT) until 1:00 PM PT.

The Auction Platform can be accessed at <https://www.wci-auction.org> or from the jurisdictions' and WCI, Inc.'s webpages.

APCR Allowances Offered for Sale

The number of APCR allowances that will be available for sale during the October 2016 Reserve Sale is provided in Table 1.

Table 1: APCR Allowances Offered in the October 2016 Reserve Sale

Sale	Number of APCR Allowances
Tier 1 - \$47.54 per allowance	40,611,000
Tier 2 - \$53.49 per allowance	40,611,000
Tier 3 - \$59.43 per allowance	40,611,000

Reserve Sale Application Requirements and Instructions

I - Eligibility

California covered entities and opt-in covered entities are eligible to participate in the October 2016 Reserve Sale. Voluntarily associated entities and individuals are not eligible to participate in reserve sales. Approved offset project registries, verification bodies, and offset verifiers are not eligible to participate in reserve sales as they are not allowed to hold compliance instruments under the Regulation.

II - Administrative Requirements

Administrative requirements are requirements that must be met before being granted access to the Auction Platform to submit an entity's application or confirm an entity's intent to bid in a reserve sale. These requirements include selecting the "Auction Participation" box in the Compliance Instrument Tracking System Service (CITSS) to agree to have entity account and account representative information transferred to the Auction Administrator and Financial Services Administrator for the purpose of facilitating participation in any upcoming reserve sale. To establish access to the Auction Platform a Primary Account Representative (PAR) or Alternate Account Representative (AAR) must be authorized by an entity to act on its behalf in a reserve sale.

NOTE: The box in CITSS which is selected to indicate participation in either an upcoming auction or reserve sale is labeled “Auction Participation.”

These requirements are described in further detail in the [2016 Detailed Reserve Sale Requirements and Instructions](#) document.

III - Application Requirements

An entity will be required to complete a reserve sale participant application at least 20 days prior to a reserve sale in which it intends to participate. An entity applying for approval as a reserve sale participant must be registered under the California Cap-and-Trade Program and have a CITSS General Holding Account that has not been revoked or suspended.

Reserve sale application information includes the following:

- 1) Information submitted in the process of obtaining a CITSS account
 - a) Corporate identity, ownership, and capital structure of the applicant
 - b) The existence of any direct or indirect corporate associations
 - c) An allocation of the holding limit among associated entities, if applicable;
- 2) Bid guarantee form and return instruction; and
- 3) An attestations response

An entity that intends to participate in a reserve sale must inform the Auction Administrator at least 20 days prior to a reserve sale of its intent to bid in the reserve sale, otherwise the entity may not participate in that reserve sale.

Reserve sale application requirements are described in further detail in the [2016 Detailed Reserve Sale Requirements and Instructions](#) document.

Reserve Sale Schedule

Table 2 presents the current schedule for activities associated with the October 2016 Reserve Sale (Reserve Sale Schedule). Any changes to the Reserve Sale Schedule will be communicated through an updated Reserve Sale Notice and by email to the PAR and AARs of California registered entities who have selected the “Auction Participation” box in CITSS.

Table 2: Reserve Sale Schedule

Activities	Due Date	Time - Pacific Time (PT)
Reserve Sale Notice released/ Reserve Sale application period opens	Friday, September 2, 2016	12:00 PM (Noon) PT
Deadline for entities to make changes in auction application information listed in Section 95912(d)(4) and submit all hard copy documents accompanying these changes	Wednesday, September 14, 2016	
Reserve sale application period closes	Wednesday, September 14, 2016	11:59 PM PT
All bid guarantees due to Financial Services Administrator	Thursday, September 22, 2016	No later than 3:00 PM PT
Reserve sale participants approved and PAR and AARs notified	Friday, September 30, 2016	
Reserve sale held	Tuesday, October 4, 2016	Bidding window open from 10:00 AM – 1:00 PM PT
Reserve Sale Summary Results Report released	Friday, October 7, 2016	12:00 PM (Noon) PT
Reserve Sale Certified / Reserve Sale results available to qualified bidders	Friday, October 7, 2016	12:00 PM (Noon) PT
Financial settlement in cash due to Financial Services Administrator	Friday, October 14, 2016	No later than 3:00 PM PT
Transfer of APCR allowances into CITSS Compliance Accounts	Monday, October 24, 2016	
Earliest date for bid guarantee expiration	Monday, October 31, 2016 (26 days after reserve sale)	

Procedures for Conducting the Reserve Sale

Each quarterly reserve sale will be conducted using an electronic, internet-based Auction Platform that bidders use to apply to participate in a reserve sale and submit bids.

As described above, each entity must submit an application for or confirm its intent to bid in a reserve sale.

All final bid guarantees must be received by the Financial Services Administrator by no later than the date and time listed in the Reserve Sale Schedule. The California Air Resources Board (ARB) will approve or deny applicants for a reserve sale within two (2) business days prior to the date the reserve sale is scheduled to take place.

Procedures for conducting the reserve sale are described in further detail in the [2016 Detailed Reserve Sale Requirements and Instructions](#) document with specific examples provided in the [2016 Reserve Sale Examples](#) document.

Form and Manner for Submitting Bids

Participants will be able to submit bids manually and upload bid schedules in a pre-defined Excel template in the Auction Platform during the bidding window. Bid quantities can only be submitted in multiples of 1,000 allowances. The form and manner for submitting bids are described in further detail in the [2016 Detailed Reserve Sale Requirements and Instructions](#) document with specific examples provided in the [2016 Reserve Sale Examples](#) document.

Notification that Reserve Sale Will Not Be Held

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 within 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 no later than two (2) days prior to the scheduled reserve sale.

Reserve Sale Participant Training Materials

A Reserve Sale Participant Training presentation is available on the ARB Auction Information webpage. The presentation includes information on administrative and regulatory requirements for reserve sale participation, the reserve sale application process, bid guarantee submission, bid submission, bid fulfillment and purchase determinations, and financial settlement processes for reserve sales.

Training materials are also available from the Auction Platform, and include a calendar of upcoming activities, Frequently Asked Questions (FAQs), the Reserve Sale Participant Training presentation, and an Auction and Reserve Sale User Guide.

Additional Information

Additional information on the California Cap-and-Trade Program is available on ARB webpages as follows:

Cap-and-Trade Program: <http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>

Auction Information: <http://www.arb.ca.gov/auction>

CITSS Information: <http://www.arb.ca.gov/citss>

For questions regarding the California Cap-and-Trade Program, please contact the California Air Resources Board Cap-and-Trade Hotline at (916) 322-2037.

Reserve Sale Contact Information

For further information about participation in the October 2016 Reserve Sale, please contact one of the following individuals:

Mr. Rajmir Rai
California Air Resources Board
Rajmir.Rai@arb.ca.gov
(916) 327-5614

Mr. Blayne Morgan
California Air Resources Board
Blayne.Morgan@arb.ca.gov
(916) 323-0564