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# Air Resources Board

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**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 3, 2017** **Issued on September 1, 2017**

### **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 3, 2017 (Reserve Sale Notice), is the official notification for the October 3, 2017, greenhouse gas (GHG) allowance reserve sale (October 2017 Reserve Sale). The October 2017 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),<sup>1</sup> the October 2017 Reserve Sale is identified by the title October 2017 Reserve Sale 19.

Additional background information, detailed instructions, and examples are posted in two supporting documents to provide information for 2017 reserve sale events. The [2017 Detailed Reserve Sale Requirements and Instructions](#) document (updated September 1, 2017) 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, submitting a bid guarantee, bidding, and a description of the process to complete reserve sale financial settlement and transfer of allowances.

The [2017 Reserve Sale Examples](#) document (updated September 1, 2017) provides information and examples of how to determine a bid guarantee amount, bid evaluation procedures for holding limits and bid guarantees, and examples of reserve sale bid fulfillment and purchase determinations.

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

## **Notification of Updated Reserve Sale Services**

Western Climate Initiative, Incorporated (WCI, Inc.), working with Participating Jurisdictions and contractors, has updated auction and reserve sale services. An update to the Compliance Instrument Tracking System Service (CITSS) was released on June 9, 2017, and an update to the Auction Platform was released on June 24, 2017. Primary updates that impact reserve sale participation beginning with the October 2017 Reserve Sale 19 include:

### CITSS 8.0 Updated Reserve Sale Services

- Reserve sale (event) applications and notices of intent to bid are submitted in CITSS (event applications and notices of intent to bid can no longer be submitted in the Auction Platform).
- Automated emails related to changes in application status or event application information (i.e., approval of an application or recording of a submitted bid guarantee) are sent to the Primary Account Representative (PAR) and all Alternate Account Representatives (AARs) from CITSS.
- Financial Services Delivery Instructions will be available from CITSS.
- Bidding limitations applicable to an event – bid guarantee amount and holding limits – are displayed with the participant’s event application information in CITSS.

### Auction Platform Updated Reserve Sale Services

- Active PARs and AARs with Auction Platform accounts have access to participant reports for all events in which the entity participated, regardless of when the PAR or AAR was designated as such by the entity.
- Bidding limitations applicable to an event – bid guarantee amount and holding limits – are displayed on the reserve sale page in the Auction Platform.

## **Date and Time of Reserve Sale**

**The October 2017 Reserve Sale is scheduled to take place on Tuesday, October 3, 2017 from 10:00 AM Pacific Time (PT) until 1:00 PM PT.**

The Auction Platform can be accessed at <https://www.wci-auction.org/ca>.

## **APCR Allowances Offered for Sale**

The number of APCR allowances that will be available for sale during the October 2017 Reserve Sale is provided in Table 1.

**Table 1: APCR Allowances Offered in the October 2017 Reserve Sale**

<b>Sale</b>	<b>Number of APCR Allowances</b>
Tier 1 - \$50.69 per allowance	40,611,000
Tier 2 - \$57.04 per allowance	40,611,000
Tier 3 - \$63.37 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 2017 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 – Reserve Sale Application Requirements**

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 instructions; 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 [2017 Detailed Reserve Sale Requirements and Instructions](#) document (updated September 1, 2017).

### **Reserve Sale Schedule**

Table 2 presents the current schedule for activities associated with the October 2017 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 entities that have been qualified bidders in past events or that have submitted an event application to an upcoming event.

**Table 2: Reserve Sale Schedule**

<b>Activities</b>	<b>Due Date</b>	<b>Time - Pacific Time (PT)</b>
Reserve Sale Notice released/ Reserve Sale application period opens	Friday, September 1, 2017	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 13, 2017	
Reserve sale application period closes	Wednesday, September 13, 2017	11:59 PM PT
All bid guarantees due to Financial Services Administrator	Thursday, September 21, 2017	No later than 3:00 PM PT
Reserve sale participants approved and PAR and AARs notified	Friday, September 29, 2017	
Reserve sale held	Tuesday, October 3, 2017	Bidding window open from 10:00 AM – 1:00 PM PT
Reserve Sale Summary Results Report released	Friday, October 6, 2017	12:00 PM (Noon) PT
Reserve Sale Certified / Reserve Sale results available to qualified bidders	Friday, October 6, 2017	12:00 PM (Noon) PT
Financial settlement in cash due to Financial Services Administrator	Friday, October 13, 2017	No later than 3:00 PM PT
Transfer of APCR allowances into CITSS Compliance Accounts	Wednesday, October 25, 2017	
Earliest date for bid guarantee expiration	Monday, October 30, 2017 (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 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 [2017 Detailed Reserve Sale Requirements and Instructions](#) document (updated September 1, 2017) with specific examples provided in the [2017 Reserve Sale Examples](#) document (updated September 1, 2017).

## **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 [2017 Detailed Reserve Sale Requirements and Instructions](#) document (updated September 1, 2017) with specific examples provided in the [2017 Reserve Sale Examples](#) document (updated September 1, 2017).

## **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 Reserve Sale 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 (updated September 1, 2017) is available on the ARB Reserve Sale 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 (updated September 1, 2017), and an Auction and Reserve Sale Platform User Guide.

### **Additional Information**

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

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

Reserve Sale Information:

<https://www.arb.ca.gov/cc/capandtrade/reservesale/reservesale.htm>

CITSS Information: <https://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 2017 Reserve Sale, please contact one of the following individuals:

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