

California Cap-and-Trade Program November 2014 Joint Auction #1

California Post Joint Auction Public Proceeds Report

Background

The Air Resources Board (ARB) and the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques¹ (MDDELCC) held the first joint auction of greenhouse gas allowances (GHG) on November 25, 2014. The auction included a Current Auction of 2014 vintage allowances and an Advance Auction of 2017 vintage allowances. ARB and MDDELCC approved the results of the auction, and issued a Joint Auction Summary Results Report on December 3, 2014. This Post Joint Auction Public Proceeds Report provides information regarding proceeds to the State of California from the sale of allowances, as described in the Summary Results Report. The information provided in this report is a balance between the need for program transparency and protection of individual auction participants' market positions.

The Joint Auction Summary Results Report did not include the auction proceeds because of the need to complete the currency exchange required to determine final proceeds payments in a joint auction. Winning bids were submitted in one of two currencies – U.S. dollars (USD) or Canadian dollars (CAD). When the financial services administrator distributes proceeds to the jurisdictions, California must receive auction proceeds only in USD and Québec must receive auction proceeds only in CAD. Consequently, after receiving payment from all winning bidders, and based on instructions from California and Québec, the financial services administrator exchanged an amount of currency at prevailing market rates prior to transferring the auction proceeds to the jurisdictions. The total amount of auction proceeds received by California and by Québec from the sale of state- and province-owned allowances reflects the exchange rates available prior to the time of distribution of auction proceeds, to the extent that currency had to be exchanged prior to this distribution. The average effective exchange rate to complete the currency exchange required for final distribution of auction proceeds for this auction was 1.1560 CAD to one USD.²

As indicated in the Joint Auction Summary Results Report, and as provided for in the California Cap-and-Trade Regulation, sellers who consigned allowances in this auction are paid the auction settlement price in USD for every consigned allowance sold.

Auction proceeds resulting from the sale of California-owned allowances and consigned allowances in the November 25, 2014 Joint Auction #1 are shown on the following page.

¹ Ministry of Sustainable Development, Environment and the Fight against Climate Change.

² Currency exchange occurred over the time period of December 11, 2014 to December 19, 2014. The average effective exchange rate used for this conversion reflects the average of the exchange rates quoted by the financial services administrator and accepted by the jurisdictions to conduct the exchanges.

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California Proceeds Statistics

Auction Settlement Price (current):	\$12.10 USD
Auction Settlement Price (advance):	\$11.86 USD
Auction Exchange Rate (USD to CAD):	1.1305
Average Effective Exchange Rate Used for Determining Jurisdiction Proceeds:	1.1560
 Total Allowances Available for Sale:	 33,857,987
Total IOU 2014 Consigned Allowances:	18,200,538 (\$220,226,509.80 USD) ³
Total POU 2014 Consigned Allowances:	1,615,092 (\$19,542,613.20 USD) ³
Total California-Owned 2014 Allowances: ⁴	2,206,243
Total California-Owned 2017 Allowances: ⁴	9,260,000
Total Québec-Owned 2014 Allowances:	1,049,114
Total Québec-Owned 2017 Allowances:	1,527,000
Total Allowances Sold at Auction:	33,857,987

Total California Auction Proceeds To Date

The total amount of auction proceeds to date that have been deposited into the California Greenhouse Gas Reduction Fund (GGRF) pursuant to California Government Code section 16248.8 are shown in the table below. Proceeds are shown per quarter for the last two quarters of 2014, and per fiscal year for previous years.⁵

<u>Auction Quarter or Fiscal Year</u>	<u>Total Proceeds for Current and Advance Auctions in GGRF (USD)</u>
Q4 2014 (November)	\$135,983,387.33
Q3 2014 (August)	\$98,741,583.00
FY 2013-2014	\$477,140,442.00
FY 2012-2013	\$257,264,032.00
TOTAL	\$969,129,444.33

³ Per the California Cap-and-Trade Regulation, sellers who consigned allowances in this auction are paid at the auction settlement price (current) for every consigned allowance sold. Québec entities do not consign any allowances.

⁴ Proceeds from the sale of California-owned current and future vintage allowances are shown as a combined number in the table below. For the November 2014 Joint Auction #1, proceeds are shown in the Q4 2014 row.

⁵ The jurisdiction proceeds for Q4 2014 contained in this report reflect any currency conversion at the average effective exchange rate used to determine jurisdiction proceeds.

Explanatory Notes:

Auction Settlement Price (current):	The allowance price that resulted from the auction of 2014 vintage allowances, in U.S. dollars per metric ton based on the auction exchange rate in effect the day of the auction. This statistic was shown in the Joint Auction Summary Results Report as “Settlement Price Per Allowance” for the current auction.
Auction Settlement Price (advance):	The allowance price that resulted from the auction of 2017 vintage allowances, in U.S. dollars per metric ton based on the auction exchange rate in effect the day of the auction. This statistic was shown in the Joint Auction Summary Results Report as “Settlement Price Per Allowance” for the advance auction.
Auction Exchange Rate (USD to CAD):	The most recently available noon daily buying rate for U.S. and Canadian dollars as published by the Bank of Canada the day before the auction.
Average Effective Exchange Rate Used for Determining Jurisdiction Proceeds:	The average effective exchange rate used for conducting any necessary currency conversion prior to determining final auction proceeds for the jurisdictions. This reflects the average of the exchange rates quoted by the financial services administrator and accepted by the jurisdictions to conduct the exchanges. The average effective exchange rate of 1.1560 reflects 1.1560 CAD to one USD.
Total Allowances Available for Sale:	Total 2014 and 2017 vintage allowances available for purchase in the auction in metric tons, including allowances consigned by consigning entities and allowances sold by the State of California and the Province of Québec.
Total IOU 2014 Consigned Allowances:	The 2014 vintage allowances available for purchase in the auction in metric tons that were consigned by investor owned utilities pursuant to California’s Cap-and-Trade Regulation.



Total POU 2014 Consigned Allowances:	The 2014 vintage allowances available for purchase in the auction in metric tons that were consigned by publicly owned utilities pursuant to California's Cap-and-Trade Regulation.
Total California-Owned 2014 Allowances:	The 2014 vintage allowances available for purchase in the auction in metric tons that were sold by the State of California.
Total California-Owned 2017 Allowances:	The 2017 vintage allowances available for purchase in the auction in metric tons that were sold by the State of California.
Total Québec-Owned 2014 Allowances:	The 2014 vintage allowances available for purchase in the auction in metric tons that were sold by the Province of Québec.
Total Québec-Owned 2017 Allowances:	The 2017 vintage allowances available for purchase in the auction in metric tons that were sold by the Province of Québec.
Total Allowances Sold at Auction:	Total 2014 and 2017 vintage allowances purchased in the auction in metric tons.