Public Availability of GHG Allowance Information in the California C&T Market

Emissions Market Assessment Committee Quarterly Meeting
September 24, 2012
Forecasted BAU GHG Emissions Compared to the Allowance Cap
Covered Entities Only
2013 - 2020

Millions CO2e

- BAU Forecast (Phase 1&2 entities)
- BAU Forecast (Phase1 entities)
- AB32 Cap
GHG Emissions, by Sector and Segment
2010 BAU Forecast

Total = 389.18 millions tonnes CO2e
California GHG Allowance Prices and Trading Volume
ICE OTC 2013 Vintage, December 2013 Contract Month
June 24, 2012 – September 20, 2012

Settlement Price (Dollars)
Volume (1,000's)

$15.75
Data Availability on Physical Allowance Transactions Enhances the Efficiency of the Market

• Symmetric information among market participants reduces likelihood of market manipulation
  • Participants face risk of explaining behavior publicly
  • Improves ability to undermine attempts to manipulate
• Auction provides a price discovery mechanism
• Third parties able to independently evaluate market performance
• Minimizes duplicative data collection by third-parties
• Minimizes transaction costs
Data Availability on Physical Allowance Transactions Has Minimal Costs

- Publicly releasing data CARB is already collecting has low administrative costs
- Competitively sensitive business strategies are not compromised
  - Financial transactions
  - Output-updating is historic
  - Multi-product firms
- Unlikely to enhance ability to tacitly collude
Wide Range of Allowance Data Can Be Made Available in a Timely Fashion

- **Ownership information** for each individual market participant account including
  - Parent company name
  - Contact information (e.g., mailing address, phone number, responsible party)
- **Annual allocations** of allowances by account name or number for each market participant receiving an annual allocation
- **A real-time online register** providing the serial number of each allowances, by vintage, held in each holding account and each compliance account
Wide Range of Allowance Data Can Be Made Available in a Timely Fashion (cont.)

• **A record of each allowance movement** into and out of each account including
  – Serial number
  – Vintage
  – Transaction date
  – Buyer name and seller name

*for all types of transactions including:
  CARB quarterly auctions
  transfers into or out of compliance accounts
  transfers into or out of holding accounts
  transactions between related entities
  transactions between arms-length private parties
Wide Range of Allowance Data Can Be Made Available in a Timely Fashion (cont.)

• **Quarterly CARB auction information**, including:
  – Number of allowances made available for sale
  – Total number of allowances sold
  – The names of each winning bidder including the number of allowances won
  – Auction clearing price
  – The maximum bid, the minimum bid, the weighted average mean bid, and the median bid
Differences Exist in Types and Timing of Public Information Release Across Cap and Trade Programs

Less

RGGI

U.S. Acid Rain

More

Current Control Period Offering

- Quantity Offered: 37,949,558
- Quantity Sold: 24,589,000
- Clearing Price: $1.93
- Number of Bidders: 22
- Ratio of bids to Supply: 0.65x
- Percent Won by Electric Generators: 100

(Auction #17: Sept 5, 2012)

2012 SO₂ Spot Allowance Auction
(March 27, 2012)

Supply = 125,000
Differences Exist in Types and Timing of Public Information Release Across Cap and Trade Programs

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### Transaction Type
- **Transaction Type**
- **Total Allowances Transacted**
- **Allowances in Control Period**
- **Recorded Date**
- **Transaction Date**
- **Exchange Settlement Transaction**
- **Price**

### Transaction Details
- **Transaction Type**
- **Number of Allowances in Transaction**
- **Allowance Vintage**
- **Allowance Serial Numbers**
- **Transaction Confirmation Date**
- **Buyer Account Number**
- **Seller Account Number**
- **Buyer Account Name**
- **Seller Account Name**
- **Buyer Owner/Operator Name**
- **Seller Owner/Operator Name**
- **Buyer Representative**
- **Seller Representative**
Conclusion

Publicly release as much data as practical in as short a time frame as practical