Reserve Sale Notice
California Cap-and-Trade Program
Sale of Greenhouse Gas Allowances from the Allowance Price Containment Reserve
on March 29, 2016
Issued on February 26, 2016

Reserve Sale Summary

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 March 2016 Reserve Sale is scheduled to take place on Tuesday, March 29, 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](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 March 2016 Reserve Sale is provided in Table 1.

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

<table>
<thead>
<tr>
<th>Sale</th>
<th>Number of APCR Allowances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 - $47.54 per allowance</td>
<td>40,611,000</td>
</tr>
<tr>
<td>Tier 2 - $53.49 per allowance</td>
<td>40,611,000</td>
</tr>
<tr>
<td>Tier 3 - $59.43 per allowance</td>
<td>40,611,000</td>
</tr>
</tbody>
</table>

Reserve Sale Application Requirements and Instructions

I - Eligibility
California covered entities and opt-in covered entities are eligible to participate in the March 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 access 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 March 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

<table>
<thead>
<tr>
<th>Activities</th>
<th>Due Date</th>
<th>Time - Pacific Time (PT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Sale Notice released/Reserve Sale application period opens</td>
<td>Friday, February 26, 2016</td>
<td>12:00 PM (Noon) PT</td>
</tr>
<tr>
<td>Deadline for entities to make changes in auction application information</td>
<td>Wednesday, March 9, 2016</td>
<td></td>
</tr>
<tr>
<td>listed in Section 95912(d)(4) and submit all hard copy documents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>accompanying these changes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve sale application period closes</td>
<td>Wednesday, March 9, 2016</td>
<td>11:59 PM PT</td>
</tr>
<tr>
<td>All bid guarantees due to Financial Services Administrator</td>
<td>Thursday, March 17, 2016</td>
<td>No later than 3:00 PM PT</td>
</tr>
<tr>
<td>Reserve sale participants approved and PAR and AARs notified</td>
<td>Friday, March 25, 2016</td>
<td></td>
</tr>
<tr>
<td>Reserve sale held</td>
<td>Tuesday, March 29, 2016</td>
<td>Bidding window open from</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10:00 AM – 1:00 PM PT</td>
</tr>
<tr>
<td>Reserve Sale Summary Results Report released</td>
<td>Friday, April 1, 2016</td>
<td>12:00 PM (Noon) PT</td>
</tr>
<tr>
<td>Reserve Sale Certified / Reserve Sale results available to qualified</td>
<td>Friday, April 1, 2016</td>
<td>12:00 PM (Noon) PT</td>
</tr>
<tr>
<td>bidders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial settlement in cash due to Financial Services Administrator</td>
<td>Friday, April 8, 2016</td>
<td>No later than 3:00 PM PT</td>
</tr>
<tr>
<td>Transfer of APCR allowances into CITSS Compliance Accounts</td>
<td>Monday, April 18, 2016</td>
<td></td>
</tr>
<tr>
<td>Earliest date for bid guarantee expiration</td>
<td>Monday, April 25, 2016</td>
<td>(26 days after reserve sale)</td>
</tr>
</tbody>
</table>

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 March 2016 Reserve Sale, please contact one of the following individuals:

Mr. Mike Ginty
California Air Resources Board
Michael.Ginty@arb.ca.gov
(916) 445-8197

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