

**California Cap-and-Trade Program and  
Québec Cap-and-Trade System  
May 2016 Joint Auction #7**

**Summary Results Report**

**Background**

The California Air Resources Board (ARB) and Québec's ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques (MDDELCC)<sup>1</sup> held the seventh joint auction of greenhouse gas (GHG) allowances on May 18, 2016. The auction included a Current Auction of 2016 vintage allowances and an Advance Auction of 2019 vintage allowances. The information provided in this report is a balance between the need for program transparency and protection of individual auction participants' market positions.

Prior to the certification of the auction, ARB and MDDELCC staff and the Market Monitor carefully evaluated the bids and determined that the auction process and procedures complied with the requirements of the California and Québec Cap-and-Trade Regulations. As provided below, the Market Monitor made the following determination:

The Market Monitor found that the auction was cleared consistent with the auction clearing rules in the regulations and appropriate economic logic. The Market Monitor confirmed the clearing price and clearing quantities by participant for the current vintage auction for 2016 vintage allowances and for the advanced auction for 2019 vintage allowances. The auction algorithm correctly applied the regulation requirements covering the bid guarantee. The Market Monitor did not observe any breaches of security or communication protocols. The Market Monitor recommends that ARB and MDDELCC approve the May Auction results.

Auction proceeds figures are not shown in this report because of the exchange rate process for determining final auction proceeds in a joint auction. Winning bids are submitted in one of two currencies – U.S. dollars (USD) or Canadian dollars (CAD). After receiving payment from the winning bidders, and using instructions from the jurisdictions (California and Québec), the financial services administrator will exchange some amount of currency at then-prevailing market rates prior to transferring the auction proceeds to the jurisdictions.

Proceeds to the jurisdictions are paid after all bidder payments are received and will occur by June 14, 2016. As provided in the California Cap-and-Trade Regulation, sellers who consigned allowances in this auction will be paid the auction settlement price in USD for every consigned allowance sold. Information regarding jurisdiction specific auction proceeds will be published after the auction is final.

---

<sup>1</sup> Ministry of Sustainable Development, Environment and the Fight against Climate Change.

California must receive auction proceeds only in USD and Québec must receive auction proceeds only in CAD. Thus, the total amount of auction proceeds received by California and by Québec from the sale of state- and province-owned allowances may vary (upwards or downwards) depending on the prevailing exchange rates in effect at the time of distribution of auction proceeds. Each jurisdiction will issue a Post Joint Auction Public Proceeds Report on June 14, 2016 providing the final amount of proceeds transferred.

**California Cap-and-Trade Program and  
Québec Cap-and-Trade System  
May 2016 Joint Auction #7**

The California Air Resources Board (ARB) and Québec's ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques (MDDELCC) held the seventh joint auction of GHG allowances on May 18, 2016. The auction included a Current Auction of 2016 vintage allowances and an Advance Auction of 2019 vintage allowances. The first table below provides key data and information on the results of the auction. The second table provides qualified bid summary statistics from the auction. Please see Explanatory Notes after the list of Qualified Bidders for descriptions of all summary information.

**Auction Results**

	Current 2016 Vintage	Future 2019 Vintage
<b>Total Allowances Available for Sale</b>	<b>67,675,951</b>	<b>10,078,750</b>
CA Entity Consignment	21,948,176	
ARB	35,610,823	8,657,500
MDDELCC	10,116,952	1,421,250
<b>Total Allowances Sold at Auction</b>	<b>7,260,000</b>	<b>914,000</b>
CA Entity Consignment	6,174,695	
ARB	0	785,113
MDDELCC	1,085,305	128,887
Total Qualified Bids Divided by Total Allowances Available for Sale	0.11	0.09
Proportion of Allowances Purchased by Compliance Entities	99.8%	100.0%
Herfindahl-Hirschman Index	2780	6313

**Qualified Bid Summary Statistics**

All Qualified Bid Summary Statistics are determined in USD including all bids submitted in USD and CAD. The CAD equivalent of the USD Qualified Bid Summary Statistics is based on the Auction Exchange Rate. USD statistics are converted into CAD in whole cents to be able to compare statistics on a common basis.

	2016 Vintage		2019 Vintage	
	USD	CAD	USD	CAD
Auction Reserve Price	\$12.73	\$16.40	\$12.73	\$16.40
Settlement Price	\$12.73	\$16.40	\$12.73	\$16.40
Maximum Price	\$25.00	\$32.21	\$18.75	\$24.16
Minimum Price	\$12.73	\$16.40	\$12.73	\$16.40
Mean Price	\$13.17	\$16.97	\$14.65	\$18.88
Median Price	\$12.73	\$16.40	\$14.75	\$19.01
Median Allowance Price	\$12.76	\$16.44	\$13.69	\$17.64
Auction Exchange Rate (USD to CAD)				1.2885

### List of Qualified Bidders for the Current Auction of 2016 Vintage Allowances and the Advance Auction of 2019 Vintage Allowances

A Qualified Bidder is an entity that completed an auction application or confirmed an intent to bid for the auction, submitted an acceptable bid guarantee, and was approved by ARB or MDDELCC to participate in the auction.

<b>Entity ID Number</b>	<b>Entity Legal Name</b>
CA1185	Aera Energy, LLC
CA1561	AltaGas Power Holdings (U.S.), Inc.
QC1724	Bell-Gaz Itée
CA1013	California Department of Water Resources
CA1463	California Power Holdings, LLC
QC1491	CGC, Inc.
CA1075	Chevron U.S.A., Inc.
CA1732	City of Long Beach, Gas and Oil Department
CA1166	City of Vernon, Vernon Gas & Electric
CA1323	Del Monte Foods, Inc.
CA1110	Exelon Generation Company, LLC
CA1214	Exxon Mobil Corporation
CA1260	Flyers Energy, LLC
QC1750	Gazifère, Inc.
QC1359	Hydro-Québec
QC1901	La Coop Carbone
QC1444	Lafarge Canada, Inc.
CA1233	Liberty Utilities (CalPeco Electric), LLC
CA1111	Los Angeles Department of Water & Power
CA1830	Luminus Energy Partners, LLC
CA1209	Modesto Irrigation District
CA1239	Morgan Stanley Capital Group, Inc.
CA1191	Northern California Power Agency
CA1046	Pacific Gas and Electric Company
CA2046	Pacific Gas and Electric Company
CA1034	PacifiCorp
CA1279	Phillips 66 Company
CA1003	Plumas-Sierra Rural Electric Cooperative
CA1505	Powerex Corp.
CA1102	Royal Bank of Canada
CA1163	Sacramento Municipal Utility District (SMUD)

CA1085	San Diego Gas & Electric Company
CA1011	San Joaquin Refining Company, Inc.
CA1757	Shiralian Enterprises
CA1674	Southwest Gas Corporation
QC1873	Superior Gas Liquids Partnership
QC1486	TEMBEC
QC1377	TransCanada PipeLines Limited
CA1598	United States Pipe & Foundry Co., LLC
CA1274	USS-POSCO Industries
QC2066	W.R. Grace Canada Corp.
CA1229	Walnut Creek Energy, LLC
CA2056	Wild Goose Storage, LLC

**Explanatory Notes: Qualified Bid Summary Statistics**  
**Current Auction of 2016 Vintage Allowances**

Total Allowances Available for Sale:	Total allowances available, by vintage, for purchase in the Current Auction in metric tons, including allowances consigned by consigning entities and allowances sold by the State of California and the Province of Québec.
Total Allowances Sold at Auction:	Total allowances, by vintage, purchased in the Current Auction in metric tons.
Total Qualified Bids Divided by Total Allowances Available for Sale:	Total number of allowances (all vintages) included in all the qualified bids for the Current Auction allowances (regardless of bid price) divided by the total number of Current Auction allowances available in the auction.
Proportion of Allowances Purchased by Compliance Entities:	The total number of Current Auction allowances (by vintage) purchased in the Current Auction by compliance entities divided by the total number of Current Auction allowances sold in the Current Auction. A Compliance Entity is a Covered Entity or Opt-in Covered Entity as defined in the Cap-and-Trade Regulation or an Emitter as defined in Québec's Cap-and-Trade Regulation.
Herfindahl–Hirschman Index (HHI):	The HHI is a measure of the concentration of allowances purchased by winning bidders relative to the total sale of current auction allowances (regardless of vintage) in the auction. The percentage of allowances purchased by each winning bidder is squared and then summed across all winning bidders. The HHI can range up to 10,000, representing 100% of the current vintage allowances purchased by a single bidder (i.e., $100 \times 100 = 10,000$ ).

Qualified Bid Price Summary Statistics:	Statistics are calculated from all the qualified bids for the Current Auction allowances (regardless of bid price). All price statistics are shown in USD and CAD.
Auction Reserve Price:	The minimum acceptable auction bid price for Current Auction allowances shown in both USD and CAD per metric ton.
Settlement Price:	The Current Auction allowance price that resulted from the auction, in USD and CAD per metric ton.
Maximum Price:	Highest qualified bid
Minimum Price:	Lowest qualified bid
Mean Price:	Average qualified bid calculated as the sum of the bid price times the bid quantity of each qualified bid divided by the sum of the bid quantities across all qualified bids.
Median Price:	The price per metric ton calculated so that 50% of the qualified bids fall above and below the median bid price.
Median Allowance Price:	The price per metric ton calculated so that 50% of the quantity of allowances in the qualified bids fall above and below that price median value.
Auction Exchange Rate (USD to CAD):	The most recently available noon daily buying rate for USD and CAD as published by the Bank of Canada the day before the auction.

### **Advance Auction of 2019 Vintage Allowances**

The data for future vintage allowances available for sale at the Advance Auction are computed in the same manner as computed for the Current Auction. No allowances are consigned to the Advance Auction.