

**California Cap-and-Trade Program,
and
Québec Cap-and-Trade System
May 2020 Auction #23**

Summary Results Report

Background

The California Air Resources Board (CARB) and Québec's ministère de l'Environnement et de la Lutte contre les changements climatiques (MELCC)¹ held a joint auction of greenhouse gas (GHG) allowances on May 20, 2020. The auction included a Current Auction of 2017 and 2020 vintage allowances and an Advance Auction of 2023 vintage allowances. The information provided in this report is a balance between the need for program transparency and protection of information about individual qualified bidders' market positions.

Prior to the certification of the auction, CARB and MELCC staff and the independent 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 (the 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 qualified bidder for the Current Auction of 2017 and 2020 vintage allowances and for the Advance Auction of 2023 vintage allowances. The auction algorithm correctly applied requirements of the Regulations covering the bid guarantee. The Market Monitor did not observe any breaches of security or communication protocols.

The Market Monitor recommends that CARB and MELCC 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 linked jurisdictions (California and Québec), the Financial Services Administrator will exchange

¹ Ministry of the Environment and the Fight against Climate Change



some amount of currency at then-prevailing market rates prior to transferring the auction proceeds to the jurisdictions.

The Financial Services Administrator will distribute auction proceeds to the jurisdictions after all qualified bidder payments are received. The jurisdictions will receive auction proceeds by June 17, 2020. 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.

California must receive auction proceeds only in USD. Québec must receive auction proceeds only in CAD. Thus, the total amount of auction proceeds received by the jurisdictions from the sale of allowances may be higher or lower than the auction settlement price multiplied by allowances sold depending on the prevailing exchange rates in effect at the time of currency exchange prior to the distribution of auction proceeds. Each jurisdiction will separately post information on June 17, 2020, providing the final amount of proceeds transferred.

Auction Results

The first and the second tables below provides key data and information on the results of the auction. The third 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.

Table 1: Auction Results for May 2020 Joint Auction #23

Description of Allowances	Current Auction Vintage 2017	Current Auction Vintage 2020	Current Auction Vintage Total	Advance Auction Vintage 2023
Allowances offered by CA Entity Consignment	-	21,594,014	21,594,014	-
Allowances offered by CARB	0	26,877,811	26,877,811	7,352,500
Allowances offered by MELCC	1,813,781	7,255,125	9,068,906	1,319,750
Total Allowances Offered for Sale	1,813,781	55,726,950	57,540,731	8,672,250

Description of Allowances	Current Auction Vintage 2017	Current Auction Vintage 2020	Current Auction Vintage Total	Advance Auction Vintage 2023
Allowances sold for CA Entity Consignment	-	17,825,847	17,825,847	-
Allowances sold for CARB	0	0	0	1,494,705
Allowances sold for MELCC	1,813,781	1,521,372	3,335,153	268,295
Total Allowances Sold at Auction	1,813,781	19,347,219	21,161,000	1,763,000

Table 2: Auction Data for May 2020 Joint Auction #23

Auction Data	Current Auction	Advance Auction
Total Qualified Bids Divided by Total Allowances Available for Sale	0.37	0.20
Proportion of Allowances Purchased by Compliance Entities	98.8%	91.0%
Herfindahl-Hirschman Index	2850	4197

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. The Auction Exchange Rate for this auction was 1.3893 (USD to CAD).

Table 3: Qualified Bid Summary Statistics for May 2020 Joint Auction #23

Auction Statistics	Current Auction USD	Current Auction CAD	Advance Auction USD	Advance Auction CAD
Auction Reserve Price	\$16.68	\$23.17	\$16.68	\$23.17
Settlement Price	\$16.68	\$23.17	\$16.68	\$23.17
Maximum Price	\$24.00	\$33.34	\$17.12	\$23.78
Minimum Price	\$16.68	\$23.17	\$16.68	\$23.17
Mean Price	\$17.77	\$24.69	\$16.83	\$23.38
Median Price	\$16.96	\$23.56	\$16.71	\$23.22
Median Allowance Price	\$17.00	\$23.62	\$16.78	\$23.31

List of qualified bidders for the May 2020 Joint Auction #23

A qualified bidder is an entity that completed an auction application, submitted a bid guarantee² that was accepted by the Financial Services Administrator, and was approved by CARB or MELCC to participate in the auction. Qualified bidders may or may not have participated in the auction.

CITSS Entity ID	Entity Legal Name
CA2988	Aetos Capital Opportunities Fund, LP
CA1561	AltaGas Power Holdings (U.S.), Inc.
CA1184	California Steel Industries, Inc.
CA1119	Calpine Energy Services, LP
CA1075	Chevron U.S.A., Inc.
CA1037	City of Anaheim, Public Utilities Department
CA1732	City of Long Beach, Gas and Oil Department
CA1038	City of Palo Alto
CA1091	DTE Energy Trading, Inc.
CA1110	Exelon Generation Company, LLC
CA1260	Flyers Energy, LLC
QC2711	Formica Canada Inc
QC1764	Gestion Énergie Québec Inc.
QC2118	Hamel Propane Inc.
CA2113	Hartree Partners, LP
QC1359	Hydro-Québec
QC1431	Lantic Inc.
CA1233	Liberty Utilities (CalPeco Electric), LLC
CA2553	Luminus EC, LP
CA1830	Luminus Energy Partners, LLC
CA1104	Macquarie Energy, LLC
CA2111	Mag Energy Solutions, Inc.
CA1107	Midway Sunset Cogeneration Company
CA1239	Morgan Stanley Capital Group, Inc.
QC2107	NGL Supply Co. Ltd.
CA1191	Northern California Power Agency
CA2905	PA Carbon I, LLC
CA1046	Pacific Gas and Electric Company

² The term “bid guarantee” refers to “bid guarantee” as described in the California Regulation and “financial guarantee” as defined in the Québec Regulation.

CITSS Entity ID	Entity Legal Name
CA2046	Pacific Gas and Electric Company
CA1034	PacifiCorp
QC1713	Plant-E Corp
QC1486	Rayonier A.M. Canada société en nom collectif
QC2744	Sanimax ACI Inc.
CA1251	Shell Energy North America (US), LP
CA1757	Shiralian Enterprises
QC2781	Sivaco Wire Group 2004 L.P.
CA1674	Southwest Gas Corporation
CA1921	Statkraft US, LLC
CA1165	Tesoro Refining & Marketing Company, LLC
CA1346	United States Gypsum Company
CA1135	Vitol, Inc.
QC2174	W.O. Stinson & Son Ltd

Explanatory Notes: Qualified Bid Summary Statistics**General Term****Explanation**

Total Allowances Available for Sale:

Total allowances available, by vintage, for purchase in the Current Auction, including allowances consigned by consigning entities and allowances offered for sale by the State of California and the Province of Québec.

Total Allowances Sold at Auction:

Total allowances purchased, by vintage, 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 California's Cap-and-Trade Regulation or an Emitter as defined in Québec's Cap-and-Trade Regulation.

General Term**Explanation**

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.

Qualified Bids:

The bids that remain after a qualified bidder's submitted bids have been evaluated and reduced to meet all bidding limitations.

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 price.



General Term	Explanation
Minimum Price:	Lowest qualified bid price.
Mean Price:	Average qualified bid price calculated as the sum of the qualified bid prices times the bid allowances at each qualified bid price divided by the sum of all qualified bid allowances.
Median Price:	The price per metric ton calculated so that 50% of the qualified bid prices fall above and 50% fall below the median bid price.
Median Allowance Price:	The price per metric ton calculated so that 50% of the qualified bid allowances fall above and 50% fall below the median allowance price.
Auction Exchange Rate (USD to CAD FX Rate):	The exchange rate in effect for the joint auction that is set the business day prior to the joint auction as the most recently available daily average exchange rate for USD and CAD as published by the Bank of Canada the day before the joint auction.

Advance Auction

The statistics presented in the report for the Advance Auction are computed in the same manner as the statistics computed for the Current Auction. No allowances are consigned by consigning entities to the Advance Auction.

