

# California Cap-and-Trade Program and Québec Cap-and-Trade System

## 2025 Annual Auction Reserve Price Notice Issued on December 2, 2024

### Auction Summary

The California Air Resources Board (CARB) and the Québec Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs<sup>1</sup> (MELCCFP) will hold joint auctions of greenhouse gas (GHG) allowances<sup>2</sup> in 2025. This document, 2025 Annual Auction Reserve Price Notice, specifies the California (CA) and Québec (QC) 2025 Annual Auction Reserve Prices and the number of allowances to be offered in 2025 for the quarterly auctions as part of the Current Auction and Advance Auction. The 2025 quarterly GHG allowance auctions will offer 2025 vintage allowances and 2028 vintage allowances for sale.

The 2025 Annual Auction Reserve Prices<sup>3</sup> and the number of 2025 and 2028 vintage allowances to be offered for sale in 2025 are shown in Table 1 below.

**Table 1: 2025 Auction Data**

Auction	Number of Allowances to be Offered	CA Annual Auction Reserve Price (USD)	QC Annual Auction Reserve Price (CAD)
Current Auction (2025 vintage)	205,298,610	\$25.87	\$24.73
Advance Auction (2028 vintage)	27,391,000	\$25.87	\$24.73

### Annual Auction Reserve Prices

The Annual Auction Reserve Prices refer to the minimum prices set and released annually by each jurisdiction in accordance with Section 95911 of the California Cap-

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

<sup>2</sup> The term “allowance” will be used throughout this document to refer to “allowance” as described in the California Regulation and to “emission unit” as defined in the Québec Regulation.

<sup>3</sup> The term “Annual Auction Reserve Price” will be used throughout this document to refer to the “minimum price” as defined in the Québec cap-and-trade regulation.

and-Trade Regulation and Article 49 of the Regulation respecting a cap-and-trade system for greenhouse gas emission allowances (Québec Regulation). The respective Annual Auction Reserve Prices for California and Québec will be used to determine the Auction Reserve Price for each joint auction by applying the Auction Exchange Rate as discussed below.

The Annual Auction Reserve Price for each jurisdiction is updated each year by multiplying the Annual Auction Reserve Price for the previous calendar year by a quantity equal to 5 percent plus a measure of inflation in accordance with each jurisdiction’s respective regulation. California uses a rate of inflation measured by the Consumer Price Index (CPI) pursuant to section 95911(c)(3)(A) of the Cap-and-Trade Regulation. Québec uses the indexation rate provided for in section 83.3 of the Financial Administration Act (chapter A-6.001).

**Table 2: Annual Auction Reserve Prices**

Jurisdiction	2024 Annual Auction Reserve Price	Measure of Inflation	2025 Annual Auction Reserve Price
California (USD)	\$24.04	2.60%	\$25.87
Québec (CAD)	\$22.93	2.85%	\$24.73

**Auction Exchange Rate and Auction Reserve Price**

Entities registered under the Québec Cap-and-Trade System (QC entities) may participate in joint auctions in either United States Dollars (USD) or Canadian Dollars (CAD). To manage multiple currencies, an Auction Exchange Rate is determined prior to each joint auction. The Auction Exchange Rate (USD to CAD FX Rate) in effect the day of a joint auction and for financial settlement by qualified bidders will be determined the business day prior to each joint auction as the most recently available daily average exchange rate for U.S. and Canadian dollars as published by the Bank of Canada and will be displayed in the Auction Platform.

The Auction Reserve Price will be determined as the higher of the Annual Auction Reserve Prices established in U.S. and Canadian dollars after applying the established Auction Exchange Rate (USD to CAD FX Rate).

**Current Auction Allowances Offered for Sale**

As indicated in Table 1, the number of allowances to be offered for sale in 2025 Current Auctions includes the approximate number of 2025 vintage allowances to be offered for sale. This number includes the total number of allowances jurisdictions offer for sale, the allowances to be consigned by California electrical distribution utilities and natural gas suppliers (consigning entities), and allowances to be sold at auction on behalf of

Québec entities. These allowances consigned by Québec are different from the allowances consigned by California entities and come from a portion of the allowances that would have been freely distributed to eligible Québec entities. More information on this Québec consignment mechanism can be found in Québec’s Regulation respecting a cap-and-trade system for greenhouse gas emission allowances.<sup>4</sup>

**Table 3: Allowances to be Offered During 2025**

Auction	Number of Allowances to be Offered by Jurisdictions	Number of Allowances to be Offered by California Consigning Entities	Number of Allowances to be Offered that are Consigned by Québec
Current Auction (2025 vintage)	118,792,737	86,193,267	312,606

A portion of the total number of allowances offered for sale in 2025 by each jurisdiction, as provided in Table 3, may be offered for sale at each auction. California consigning entities are required to notify CARB 75 days before each auction of the number of allowances they intend to consign. Allowances from California consigning entities not consigned in the first three auctions in 2025 will be included in the November 19, 2025 auction. A portion of the total number of allowances consigned by Québec in 2025 will be offered for sale at each auction.

The actual quantity of allowances in the Current Auction may fluctuate during the year. Additionally, the vintages and types of allowances offered for sale may vary. There are several factors that may account for these fluctuations and variations in the allowances offered for sale at each auction arising out of each of the jurisdiction’s regulatory provisions. Current Auction allowances may come from allowances issued under the California Cap-and-Trade Program and the Québec Cap-and-Trade System that remain unsold from an undersubscribed<sup>5</sup> Current Auction in prior years and are returned to auction after two consecutive Current Auctions have resulted in a settlement price above the Auction Reserve Price.<sup>6</sup> Additional allowances may also be made available for auction from closed Compliance Instrument Tracking System Service (CITSS)

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<sup>4</sup> “Allowances consigned by Québec” refers to allowances that would have been distributed to Québec entities without charge but are instead offered for sale at auction pursuant to section 46.8.1 of the Environment Quality Act.

<sup>5</sup> An undersubscribed auction is an auction with total qualified bids less than the total allowances offered for sale.

<sup>6</sup> For specific treatment of unsold allowances in California’s program, see the [Guidance on Treatment of Unsold Allowances](#) on the CARB [Auction Information](#) webpage.

accounts, allowances submitted for untimely surrender obligations, and the potential return of freely allocated allowances (distributions free of charge). In each of these situations, the vintages of the allowances may not be the same as the current calendar year, or the allowances may be an allowance type with no vintage if they were purchased from a jurisdiction's Reserve Sale.<sup>7</sup> A portion of the allowances consigned by Québec may come from previous vintages.

Information on the specific quantity of allowances by vintage and type available for sale in Current Auctions will be made available in each Auction Notice, which is posted at least 60 days prior to each joint auction on the [CARB Auction Information](#) webpage and [Québec Auction Information](#) webpage.

Allowances are transferred to successful bidders following completion of financial settlement. Successful bidders will receive awarded allowances, including the quantity of each allowance vintage or type, based on the proportion of the quantity of each jurisdiction's contribution to the total allowances offered in the auction. For example, in a simple case where the Current Auction allowances are all the same vintage and if the allowances offered for sale in the Current Auction included 75 percent California 2025 vintage allowances and 25 percent Québec 2025 vintage allowances, each bid lot of 1000 allowances received would include 750 California and 250 Québec allowances.

The same concept applies to a more complex case to determine the composition of each lot of allowances awarded. For example, if the Current Auction includes multiple vintages (continue to assume that the allowances offered are still split 75-25 between the jurisdictions) where the Québec portion includes 40 percent 2024 allowances and 60 percent 2025 allowances, each awarded bid lot of 1000 allowances would include 750 California 2025 vintage allowances, 100 Québec 2024 vintage allowances, and 150 Québec 2025 vintage allowances. This example can be expanded if there are more than two allowance vintages or types for a jurisdiction.

In a situation where there are not enough allowances awarded of a specific vintage or type offered for sale to evenly distribute across all successful bidders, the number of allowances assigned to successful bidders is determined by multiplying the successful bidder's share of Current Auction qualified bids by the number of allowances of that specific allowance vintage or type awarded, rounded to the nearest whole number. Assignments of allowances may be adjusted by no more than one allowance added to or removed from the total allowances assigned until the number of allowances assigned to successful bidders equals the number of allowances of the specific vintage or type awarded.

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<sup>7</sup> In this document, Québec Sales by Mutual Agreement is referred to as 'Reserve Sales' for simplicity.

## **Advance Auction Allowances Offered for Sale**

The Advance Auction budget represents 10 percent of the allowances from each of the jurisdiction's allowance budgets that are created for the year three years subsequent to the current calendar year. Since the combined annual allowance budget in 2028 is 273,910,000, the Advance Auction combined budget for auctions conducted in 2025 is 27,391,000 2028 vintage allowances. These future vintage allowances will be equally divided for sale across the four Advance Auctions conducted in 2025.

## **Quarterly Auction Information**

An Auction Notice will be published at least 60 days prior to each auction. The Auction Notice provides information about the number of GHG allowances to be offered and the auction schedule for the applicable auction.

Additional background information, detailed instructions, and examples will be available in two supporting documents, which will include information applicable to the 2025 auctions:

- 1) The **Detailed Auction Requirements and Instructions** document will provide background information on the California Cap-and-Trade Program and Québec Cap-and-Trade System, as well as detailed requirements and instructions for participating in a joint auction.
- 2) The **Auction Examples** document will provide information and examples of how United States (U.S.) and Canadian currencies are managed, how to determine the amount of a bid guarantee, bid evaluation procedures for purchase limits, holding limits, and bid guarantees, and examples of auction bid fulfillment.

The Auction Notices and supporting documentation will be available on the [CARB Auction Information](#) webpage and [Québec Auction Information](#) webpage.

Table 4 provides information specific to the scheduled quarterly auctions.

**Table 4: California and Québec 2025 Quarterly Joint Auction Critical Dates**

<b>Auction Dates</b>	<b>Auction Consignment Due Date for Consigning Entities</b>	<b>Auction Notice Posting Date — Auction Application Period Opens</b>	<b>Auction Application Due Date — Auction Application Period Closes</b>
February 19, 2025	December 6, 2024	December 20, 2024	January 21, 2025
May 21, 2025	March 7, 2025	March 21, 2025	April 22, 2025
August 20, 2025	June 6, 2025	June 20, 2025	July 21, 2025
November 19, 2025	September 5, 2025	September 19, 2025	October 20, 2025

**Contact Information**

For further information about the Annual Auction Reserve Price, the Auction Reserve Price Determination for a joint auction, or the Current Auction and Advance Auction allowance budgets for auctions conducted in 2025, please contact one of the following<sup>8</sup>:

California Cap-and-Trade Program  
California Air Resources Board, CITSS Help Desk  
[CACITSSHelpDesk@arb.ca.gov](mailto:CACITSSHelpDesk@arb.ca.gov)  
916-324-7659

Québec Cap-and-Trade System  
Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs  
[EncheresGES-qc@environnement.gouv.qc.ca](mailto:EncheresGES-qc@environnement.gouv.qc.ca)  
(418) 521-3868 option 2  
Tool-free: 1-833-522-0935, option 2

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<sup>8</sup> When contacting jurisdiction staff, please take precautions when submitting personal or confidential information. If it is necessary to transmit personal or confidential information, please contact listed jurisdiction staff for information on how to provide this information securely.