

## California Cap-and-Trade Program November 2021 Joint Auction #29

### California Post Joint Auction Public Proceeds Report

#### Background

The California Air Resources Board (CARB) and Québec’s ministère de l’Environnement et de la Lutte contre les changements climatiques (MELCC)<sup>1</sup> held a joint auction of greenhouse gas (GHG) allowances on November 17, 2021. The auction included a Current Auction of 2019, 2020, and 2021 vintage allowances and an Advance Auction of 2024 vintage allowances. CARB and MELCC approved the results of the auction and issued a Joint Auction Summary Results Report on November 24, 2021. This California Post Joint Auction Public Proceeds Report provides information regarding proceeds to the State of California from the sale of allowances in the Current Auction and Advance Auction, as described in the Joint Auction Summary Results Report. The information provided in this report provides program transparency while also maintaining the confidentiality of individual auction participants’ market positions.

The Joint Auction Summary Results Report did not include the auction proceeds because of the need to complete the currency exchange required to determine final proceeds payments in a joint auction. Winning bids were submitted in one of two currencies – United States dollars (USD) or Canadian dollars (CAD). When the Financial Services Administrator distributes proceeds to the jurisdictions, California must receive auction proceeds only in USD and Québec must receive auction proceeds only in CAD. Consequently, after receiving payment from all winning bidders, and based on instructions from the jurisdictions, the Financial Services Administrator exchanged an amount of currency at prevailing market rates prior to transferring the auction proceeds to the jurisdictions. The total amount of auction proceeds received by California and Québec from the sale of state- and province-owned allowances reflects the exchange rates available prior to the time of distribution of auction proceeds, to the extent that currency had to be exchanged prior to this distribution. The

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

average effective exchange rate to complete the currency exchange required for final distribution of auction proceeds for this auction was 1.2650 CAD to one USD.<sup>2</sup>

As indicated in the Joint Auction Summary Results Report, and as provided for in the California Cap-and-Trade Regulation, sellers who consigned allowances in this auction are paid the auction settlement price in USD for every consigned allowance sold. The Auction Exchange Rate for this auction was 1.2550 CAD to one USD.

Auction proceeds resulting from the sale of California-owned allowances and consigned allowances in the November 2021 Joint Auction #29 are shown on the following page.

**Table 1: Auction Results for November 2021 Joint Auction #29**

Description of Allowances	Current Auction Vintage 2019	Current Auction Vintage 2020	Current Auction Vintage 2021	Current Auction Vintage Total	Advance Auction Vintage 2024
Allowances offered by CA Entity Consignment	-	-	22,282,607	22,282,607	-
Allowances offered by CARB	34,053	7,900,576	29,342,473	37,277,102	7,017,500
Allowances offered by MELCC	-	1,807,701	7,230,807	9,038,508	1,288,750
<b>Total Allowances Offered for Sale</b>	<b>34,053</b>	<b>9,708,277</b>	<b>58,855,887</b>	<b>68,598,217</b>	<b>8,306,250</b>
Allowances sold for CA Entity Consignment	-	-	22,282,607	22,282,607	-
Allowances sold for CARB	34,053	7,900,576	29,342,473	37,277,102	7,017,500
Allowances sold for MELCC	-	1,807,701	7,230,807	9,038,508	1,288,750
<b>Total Allowances Sold at Auction</b>	<b>34,053</b>	<b>9,708,277</b>	<b>58,855,887</b>	<b>68,598,217</b>	<b>8,306,250</b>

<sup>2</sup> Currency exchange occurred over the time period of November 24 to December 1, 2021. The average effective exchange rate used for this conversion reflects the average of the exchange rates provided by the Financial Services Administrator and accepted by the jurisdictions to conduct the exchanges.

**Table 2: Auction Data for November 2021 Joint Auction #29**

<b>Auction Data</b>	<b>Current Auction</b>	<b>Advance Auction</b>
Settlement Price	\$28.26	\$34.01
Total Qualified Bids Divided by Total Allowances Available for Sale	1.51	1.20

Of the total current auction CA Entity Consignment allowances sold, 19,306,105 allowances were from Investor Owned Utilities (IOUs) and 2,976,502 allowances were from Publicly Owned Utilities (POUs). Per the California Cap-and-Trade Regulation, sellers who consigned allowances in this auction are paid at the auction settlement price (Current Auction) for every consigned allowance sold. This resulted in proceeds to the IOUs of \$545,590,527.30 USD and proceeds to the POUs of \$84,115,946.52 USD. Québec entities do not consign any allowances.

### **Total California Auction Proceeds to Date**

The total amount of auction proceeds to date that have been deposited into the California Greenhouse Gas Reduction Fund (GGRF) pursuant to California Government Code section 16428.8 are shown in the table below. Proceeds are shown by quarter for Fiscal Year (FY) 2021-2022, and by fiscal year for previous fiscal years.<sup>3</sup>

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<sup>3</sup> The jurisdiction proceeds for Q4 2021 contained in this report reflect any currency conversion at the average effective exchange rate used to determine jurisdiction proceeds.

<u>Auction Quarter or Fiscal Year</u>	<u>Total Proceeds for Current and Advance Auctions in GGRF (USD)</u>
Q4 2021 (November)	\$1,293,418,042.97
Q3 2021 (August)	\$1,137,078,049.88
FY 2020-2021	\$2,623,651,181.06
FY 2019-2020	\$2,105,810,362.62
FY 2018-2019	\$3,207,445,517.33
FY 2017-2018	\$2,913,174,716.32
FY 2016-2017	\$891,915,202.45
FY 2015-2016	\$1,829,134,502.71
FY 2014-2015	\$1,490,776,416.79
FY 2013-2014	\$477,140,441.20
FY 2012-2013	\$257,264,031.64
<b>TOTAL</b>	<b>\$18,226,808,464.97</b>

## Explanatory Notes:

General Term	Explanation
Settlement Price (Current Auction):	The allowance price that resulted from the auction of allowances in the Current Auction, in USD per metric ton.
Settlement Price (Advance Auction):	The allowance price that resulted from the auction of allowances in the Advance Auction, in USD per metric ton.
Auction Exchange Rate (USD to CAD):	The most recently available daily exchange rate for USD and CAD as published by the Bank of Canada the day before the auction.
Average Effective Exchange Rate Used for Determining Jurisdiction Proceeds:	The average effective exchange rate used for conducting any necessary currency conversion prior to determining final auction proceeds for the jurisdictions. This reflects the weighted average of the exchange rates provided by the Financial Services Administrator and accepted by the jurisdictions to conduct the exchanges.
Total Allowances Available for Sale:	Total allowances available, by vintage, for purchase in the Current Auction and Advance 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 purchased, by vintage, in the Current Auction and Advance Auction in metric tons.