

# Ontario Post-Joint Auction Public Proceeds Report

## Ontario Cap-and-Trade Program February 2018 Joint Auction #14

### Background

The Ontario Ministry of the Environment and Climate Change (MOECC), Québec ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques<sup>1</sup> (MDDELCC), and California Air Resources Board (CARB) held a joint auction of greenhouse gas (GHG) allowances on February 21, 2018. The auction included a Current Auction of 2016 and 2018 vintage allowances and an Advance Auction of 2021 vintage allowances. The MOECC, MDDELCC, and CARB approved the results of the auction, and issued a Joint Auction Summary Results Report on February 28, 2018.

This Ontario Post Joint Auction Public Proceeds Report provides information regarding proceeds to the Province of Ontario from the sale of allowances in the Current Auction and Advance Auction, as described in the 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 – Canadian dollars (CAD) or United States dollars (USD). When the Financial Services Administrator distributes proceeds to the jurisdictions, Ontario and Québec must receive auction proceeds only in CAD and California must receive auction proceeds only in USD. California entities that consigned allowances (CA Entity Consignment) in this auction are paid the auction settlement price in USD for every consigned allowance sold. 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.

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

The total amount of auction proceeds received by Ontario, Québec, and California from the sale of 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 average effective exchange rate to complete the currency exchange required for final distribution of auction proceeds for this auction was 1.2823 CAD to one USD.<sup>2</sup>

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<sup>2</sup> Currency exchange occurred over the time period of February 28 to March 6, 2018. 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.

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## Auction Results

Settlement Price (Current Auction): \$18.44 CAD

Settlement Price (Advance Auction): \$18.34 CAD

Auction Exchange Rate (USD to CAD FX Rate): 1.2622

Average Effective Exchange Rate Used for determining Jurisdiction Proceeds: 1.2823

	Current Auction			Advance Auction
	2016 Vintage	2018 Vintage	Total Current	2021 Vintage
<b>Total Allowances Available for Sale</b>	<b>14,894,520</b>	<b>83,321,400</b>	<b>98,215,920</b>	<b>12,427,950</b>
CA Entity Consignment	-	20,671,989	20,671,989	-
CARB	12,961,816	31,175,277	44,137,093	8,020,000
MOECC	-	23,743,316	23,743,316	3,026,450
MDDELCC	1,932,704	7,730,818	9,663,522	1,381,500
<b>Total Allowances Sold at Auction</b>			<b>98,215,920</b>	<b>8,576,000</b>
CA Entity Consignment	-	20,671,989	20,671,989	-
CARB	12,961,816	31,175,277	44,137,093	5,534,261
MOECC	-	23,743,316	23,743,316	2,088,425
MDDELCC	1,932,704	7,730,818	9,663,522	953,314
Total Qualified Bids Divided by Total Allowances Available for Sale			1.21	0.69

## Total Ontario Auction Proceeds

The total amount of auction proceeds to date that have been recorded in the Ontario Greenhouse Gas Reduction Account (GGRA) pursuant to Ontario's *Climate Change Mitigation and Low-carbon Economy Act, 2016* are shown in the table below.

Period	Proceeds Deposited in GGRA (CAD)
<b>Q1 2017-2018 (April to June 2017):</b> March 2017 Ontario Auction #1 June 2017 Ontario Auction #2	 \$472,031,155.36 \$504,182,190.24
<b>Q2 2017-2018 (July to September 2017)</b> September 2017 Ontario Auction #3	 \$525,694,672.52
<b>Q3 2017-2018 (October to December 2017)</b> November 2017 Ontario Auction #4	 \$422,081,703.00
<b>Q4 2017-2018 (January to March 2018):</b> February 2018 Joint Auction #14	 \$477,030,408.30
<b>Fiscal Year 2017-2018 TOTAL</b> <b>(April 2017 to March 2018):</b>	 \$2,401,020,129.42
<b>Cumulative Total:</b>	 <b>\$2,401,020,129.42</b>

## Explanatory Notes

Term	Definition
Settlement Price (Current Auction)	The Current Auction allowance price that resulted from the auction, provided in CAD.
Settlement Price (Advance Auction)	The Advance Auction allowance price that resulted from the auction, provided in CAD.
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.
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, including allowances consigned by consigning entities and allowances offered for sale by the State of California, the Province of Ontario, and the Province of Québec.
Total Allowances Sold at Auction	Total allowances purchased, by vintage, in the Current Auction and Advance Auction.