

# Summary Results Report

## Ontario Cap and Trade Program

### Auction of Greenhouse Gas Allowances

#### March 2017 Ontario Auction #1

## Background

The Ontario Ministry of the Environment and Climate Change (MOECC) held the first auction of greenhouse gas (GHG) allowances on March 22, 2017. The auction included a Current Auction of 2017 vintage allowances and an Advance Auction of 2020 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, MOECC staff and an independent market monitor evaluated the bids and determined that the auction process and procedures complied with the requirements of The Ontario Cap and Trade Program Regulation (Regulation). As provided below, the Market Monitor made the following findings:

The Market Monitor found that the auction was cleared consistent with the auction clearing rules in the Regulation. To address potential market manipulation or collusion, the Market Monitor also uses a number of economic analysis tools to evaluate the auction results. The Market Monitor confirmed the clearing price and clearing quantities by participant for the Current Auction of 2017 vintage allowances and for the Advance Auction of 2020 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 recommended that MOECC approve the March 2017 Ontario Auction #1 results.

[ontario.ca/climatechange](http://ontario.ca/climatechange)

## Summary Results

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 at the end of this report for descriptions of all summary information.

**Table 1: Auction Results for March 2017 Ontario Auction #1**

| <b>Auction Results</b>                                            | <b>Current<br/>2017<br/>Vintage</b> | <b>Future<br/>2020<br/>Vintage</b> |
|-------------------------------------------------------------------|-------------------------------------|------------------------------------|
| <b>Total Allowances Available for Sale</b>                        | 25,296,367                          | 3,116,700                          |
| <b>Total Allowances Sold</b>                                      | 25,296,367                          | 812,000                            |
| <b>Total Qualified Bids Divided by Total Allowances Available</b> | 1.16                                | 0.26                               |
| <b>Proportion of Allowances Purchased by Capped Participants</b>  | 99.1%                               | 100%                               |
| <b>Herfindahl-Hirschman Index</b>                                 | 1,705                               | 9,211                              |

**Table 2: Qualified Bid Summary Statistics for March 2017 Ontario Auction #1**

| <b>Qualified Bid Summary Statistics</b>    | <b>Current<br/>2017<br/>Vintage</b> | <b>Future<br/>2020<br/>Vintage</b> |
|--------------------------------------------|-------------------------------------|------------------------------------|
| <b>Ontario Auction Reserve Price (CAD)</b> | \$18.07                             | \$18.07                            |
| <b>Settlement Price (CAD)</b>              | \$18.08                             | \$18.07                            |
| <b>Maximum Price (CAD)</b>                 | \$49.41                             | \$27.69                            |
| <b>Minimum Price (CAD)</b>                 | \$18.07                             | \$18.07                            |
| <b>Mean Price (CAD)</b>                    | \$23.66                             | \$24.75                            |
| <b>Median Price (CAD)</b>                  | \$19.00                             | \$19.53                            |
| <b>Median Allowance Price (CAD)</b>        | \$20.25                             | \$23.02                            |
| <b>Auction Exchange Rate</b>               | 1.3317                              |                                    |

## List of Qualified Bidders for the Current Auction of 2017 Vintage Allowances and the Advance Auction of 2020 Vintage Allowances

A Qualified Bidder is a participant that completed an auction application, submitted an acceptable bid guarantee, and was approved by MOECC to participate in the auction.

| <b>CITSS Entity ID Number</b> | <b>Participant Legal Name</b>        |
|-------------------------------|--------------------------------------|
| ON2151                        | Suncor Energy Products Partnership   |
| ON2161                        | CRH Canada Group Inc.                |
| ON2162                        | Goodyear Canada Inc.                 |
| ON2164                        | NGL Supply Co. Ltd.                  |
| ON2165                        | Union Gas Limited                    |
| ON2176                        | Enbridge Gas Distribution Inc.       |
| ON2187                        | Markham District Energy Incorporated |
| ON2189                        | Imperial Oil                         |
| ON2190                        | Plains Midstream Canada ULC          |
| ON2203                        | Greenergy Fuels Canada Inc.          |
| ON2210                        | Ivaco Rolling Mills 2004 L.P.        |
| ON2220                        | TransCanada PipeLines Limited        |
| ON2224                        | Irving Oil Commercial G.P.           |
| ON2240                        | Greater Toronto Airports Authority   |
| ON2253                        | Federated Co-operatives Limited      |
| ON2254                        | Great Lakes Copper Ltd               |
| ON2258                        | ADM Agri-Industries Company          |
| ON2287                        | Veresen Energy Infrastructure Inc.   |

| <b>CITSS Entity ID Number</b> | <b>Participant Legal Name</b>            |
|-------------------------------|------------------------------------------|
| ON2294                        | P38 Energy Inc.                          |
| ON2299                        | The Corporation of the City of Kingston  |
| ON2301                        | University of Guelph                     |
| ON2304                        | Ontario Power Generation Inc.            |
| ON2315                        | Husky Oil Operations Limited             |
| ON2325                        | Gibson Gas Liquids Partnership           |
| ON2329                        | Natural Resource Gas Limited             |
| ON2345                        | Pembina Infrastructure and Logistics LP  |
| ON2348                        | Primemax Energy Inc.                     |
| ON2356                        | Koch Supply & Trading, LP                |
| ON2359                        | The International Group Inc.             |
| ON2361                        | Hiram Walker & Sons Ltd.                 |
| ON2369                        | Apotex Inc.                              |
| ON2370                        | Labatt Brewing Company Ltd               |
| ON2388                        | Greenfield Energy Centre LP              |
| ON2393                        | BP Canada Energy Group ULC               |
| ON2402                        | Factor Gas Liquids Inc.                  |
| ON2414                        | Elbow River Marketing Ltd                |
| ON2439                        | MacEwen Petroleum Inc.                   |
| ON2442                        | TransAlta Energy Marketing Corp.         |
| ON2445                        | Royal Bank of Canada                     |
| ON2452                        | Propane Levac Propane Inc.               |
| ON2457                        | McDougall Energy Inc.                    |
| ON2458                        | Énergie Valero Inc. / Valero Energy Inc. |
| ON2470                        | Grant's Transport Limited                |
| ON2475                        | Shell Energy North America (Canada) Inc. |

| CITSS Entity ID<br>Number | Participant Legal Name        |
|---------------------------|-------------------------------|
| ON2481                    | Skyjack Inc.                  |
| ON2504                    | Larry Penner Enterprises Inc. |
| ON2511                    | 1435925 ONTARIO LIMITED       |

## Explanatory Notes: Qualified Bid Summary Statistics

### Current Auction of 2017 Vintage Allowances

| Term                                                                | Definition                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Total Allowances Available for Sale                                 | Total allowances available, by vintage, for purchase in the Current Auction in metric tons, sold by the Province of Ontario                                                                                                                                                                                                                                                                                                           |
| Total Allowances Sold at Auction                                    | Total allowances, by vintage, purchased in the Current Auction                                                                                                                                                                                                                                                                                                                                                                        |
| Total Qualified Bids Divided by Total Allowances Available for Sale | Total number of allowances 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 Capped Participants           | <p>The total number of Current Auction allowances (by vintage) purchased in the Current Auction by Capped Participants divided by the total number of Current Auction allowances sold in the Current Auction</p> <p>Capped Participant is as defined in the Ontario Cap and Trade Regulation.</p>                                                                                                                                     |
| 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 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. $100 \times 100 = 10,000$ ) |

| Term                                   | Definition                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 CAD.                                                                                                                                                                                                                                            |
| Auction Reserve Price                  | The minimum acceptable auction bid price for Current Auction allowances, in CAD                                                                                                                                                                                                                                                                                                                       |
| Settlement Price                       | The Current Auction allowance price that resulted from the auction, in CAD                                                                                                                                                                                                                                                                                                                            |
| 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)     | <p>The United States dollar to Canadian dollar (USD to CAD) daily average exchange rate as provided by the Bank of Canada for the day before, or a date that is before and as close as possible to, each Ontario auction.</p> <p>The Auction Exchange Rate is used in the determination of the Auction Reserve Price as described in the Detailed Auction Requirements and Instructions document.</p> |

## **Advance Auction of 2020 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.