



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

Twelve-Month and Three-Month Rolling Average Price of Compliance Years 2015 and 2016 NOx RTCs

July 2016 Quarterly Report to Stationary Source Committee

Background

The Governing Board's January 7, 2005 amendments to Rule 2002 - Allocations For Oxides of Nitrogen (NOx) And Oxides of Sulfur (SOx) established a \$15,000 per ton threshold for the twelve-month rolling average price of current Compliance Year NOx RTCs. Staff has been calculating the twelve-month rolling average price of current Compliance Year NOx RTCs each month and reporting the results to the Stationary Source Committee quarterly. On December 4, 2015, the Governing Board amended Rule 2002 to replace the \$15,000 per ton threshold with a \$22,500 per ton threshold for the twelve-month rolling average price of current Compliance Year NOx RTCs and establish a new \$35,000 per ton threshold for the three-month rolling average price of current Compliance Year NOx RTCs. The December 2015 amendments also established a \$200,000 per ton "price-floor" threshold for the twelve-month rolling average price of infinite-year block (IYB) NOx RTCs that will become effective in 2019. The reporting of the three-month rolling average price for current Compliance Year NOx RTCs and the twelve-month rolling average price of IYB NOx RTCs is to start on May 1, 2016.

The December amendments directed the Executive Officer to report to the Governing if (a) the cost of current Compliance Year NOx RTCs exceeds \$22,500 per ton based on the twelve-month rolling average price, (b) \$35,000 per ton based on the three-month rolling average price, or (c) the twelve-month rolling average price of IYB NOx RTCs falls below \$200,000 per ton. If (a) or (b) above occurs, the Governing Board may convert the Non-tradable/Non-usable NOx RTCs valid for the period in which the RTC price(s) exceeded an applicable threshold to Tradable/Usable NOx RTCs pursuant to Rule 2002(f)(1)(H). Additionally, the Executive Officer's report to the Governing Board will include a "commitment and schedule to conduct a more rigorous control technology implementation, emission reduction, cost-effectiveness, market analysis, and socioeconomic impact assessment of the RECLAIM program."

Finally, commencing with this quarterly report, the Executive Officer is adding to this report, which has only contained twelve-month rolling average prices for current Compliance Year NOx RTCs (Tables I and II), the three-month rolling average prices

of current Compliance Year NOx RTCs (Tables III and IV) and the twelve-month rolling average prices of IYB NOx (Table V).

Analysis

The average NOx RTC prices listed in Table I through IV have all remained below the applicable reporting thresholds. It is, therefore, not necessary for the Executive Officer to provide a report on the NOx RTCs rolling average prices to the Governing Board or for the Governing Board to consider conversion of the Non-tradable/Non-usable NOx to Tradable/Usable NOx RTCs. The twelve-month rolling average price of IYB NOx RTCs, as shown in Table V, was in the \$268,106 to \$365,865 per ton range for the April through June 2016 period.

Table I

Twelve-Month Rolling Average Price Data for Compliance Year 2015 NOx RTCs
Report to Governing Board if rolling average price greater than \$22,500/ton

Twelve-Month Rolling Average Price Data for Compliance Year 2015 NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ¹ (\$/ton)
Jan-15	Jan-14 to Dec-14	43.3	\$163,638	5	\$3,779
Feb-15	Feb-14 to Jan-15	47.0	\$178,608	10	\$3,800
Mar-15	Mar-14 to Feb-15	47.0	\$178,608	10	\$3,800
Apr-15	Apr-14 to Mar-15	47.0	\$178,608	10	\$3,800
May-15	May-14 to Apr-15	54.6	\$204,898	14	\$3,755
Jun-15	Jun-14 to May-15	56.1	\$208,648	15	\$3,722
Jul-15	Jul-14 to Jun-15	63.8	\$231,437	19	\$3,625
Aug-15	Aug-14 to Jul-15	206.3	\$564,145	31	\$2,734
Sep-15	Sep-14 to Aug-15	248.9	\$647,742	39	\$2,603
Oct-15	Oct-14 to Sep-15	250.1	\$650,242	40	\$2,600
Nov-15	Nov-14 to Oct-15	381.1	\$933,387	60	\$2,449
Dec-15	Dec-14 to Nov-15	616.8	\$1,165,669	64	\$1,890
Jan-16	Jan-15 to Dec-15	810.5	\$1,330,930	69	\$1,642
Feb-16	Feb-15 to Jan-16	992.3	\$1,544,621	99	\$1,557
Mar-16	Mar-15 to Feb-16	1,029.8	\$1,609,818	114	\$1,563
Apr-16	Apr-15 to Mar-16	1,033.6	\$1,621,598	116	\$1,569
May-16	May-15 to Apr-16	1,131.2	\$1,878,448	136	\$1,661
Jun-16	Jun-15 to May-16	1,153.4	\$1,924,123	139	\$1,668
Jul-16	Jul-15 to Jun-16	1,151.1	\$1,915,985	139	\$1,664

¹District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average RTC price exceeds \$15,000 per ton.

Table II

Twelve-Month Rolling Average Price Data for Compliance Year 2016 NOx RTCs
Report to Governing Board if rolling average price greater than \$22,500/ton

Twelve-Month Rolling Average Price Data for Compliance Year 2016 NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price ¹ (\$/ton)
Jan-16	Jan-15 to Dec-15	224.2	\$635,305	13	\$2,833
Feb-16	Feb-15 to Jan-16	234.0	\$704,059	14	\$3,008
Mar-16	Mar-15 to Feb-16	272.7	\$865,831	17	\$3,175
Apr-16	Apr-15 to Mar-16	278.1	\$886,546	19	\$3,188
May-16	May-15 to Apr-16	284.8	\$915,100	24	\$3,213
Jun-16	Jun-15 to May-16	304.4	\$998,506	28	\$3,280
Jul-16	Jul-15 to Jun-16	308.0	\$1,015,244	31	\$3,296

¹District Rule 2015(b)(6) - Backstop Provisions provides additional "evaluation and review of the compliance and enforcement aspects of the RECLAIM program" if the average RTC price exceeds \$15,000 per ton.

Table III

Three-Month Rolling Average Price Data for Compliance Year 2015 NOx RTCs
Report to Governing Board if rolling average price greater than \$35,000/ton

Three-Month Rolling Average Price Data for Compliance Year 2015 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
May-16	Feb-16 to Apr-16	146.4	\$360,117	41	\$2,460
Jun-16	Mar-16 to May-16	132.7	\$344,345	30	\$2,594
Jul-16	Apr-16 to Jun-16	134.4	\$347,215	32	\$2,583

Table IV

Three-Month Rolling Average Price Data for Compliance Year 2016 NOx RTCs
Report to Governing Board if rolling average price greater than \$35,000/ton

Three-Month Rolling Average Price Data for Compliance Year 2016 NOx RTC					
Reporting Month	3-Month Period	Total Volume Traded with Price During Past 3-month (tons)	Total Price of Volume Traded During Past 3-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
May-16	Feb-16 to Apr-16	50.8	\$211,041	10	\$4,158
Jun-16	Mar-16 to May-16	31.7	\$132,675	11	\$4,188
Jul-16	Apr-16 to Jun-16	29.9	\$128,699	12	\$4,304

Table V

Twelve-Month Rolling Average Price Data for Infinite-Year Block NOx RTCs
Report to Governing Board if rolling average price after 2018 is less than \$200,000/ton

Twelve-Month Rolling Average Price Data for Infinite-Year NOx RTC					
Reporting Month	12-Month Period	Total Volume Traded with Price During Past 12-month (tons)	Total Price of Volume Traded During Past 12-month (\$)	Number of Trades with Price	Rolling Average Price (\$/ton)
May-16	May-15 to Apr-16	806.0	\$216,080,023	45	\$268,106
Jun-16	Jun-15 to May-16	782.5	\$212,055,023	45	\$271,014
Jul-16	Jul-15 to Jun-16	352.4	\$128,924,099	32	\$365,856