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[FRL-5195-4]

Clean Air Act; Acid Rain Provisions

AGENCY: Environmental Protection Agency.

ACTION: Notice of the 1995 EPA SO₂ allowance auctions results.

SUMMARY: Pursuant to Title IV of the Clean Air Act and 40 CFR part 73, the EPA is responsible for implementing a program to reduce emissions of sulfur dioxide (SO₂), a precursor of acid rain. The centerpiece of the SO₂ control program is the allocation of transferable allowances, or authorizations to emit SO₂, which are distributed in limited quantities to existing utility units and which eventually must be held by virtually all utility units to cover their SO₂ emissions. These allowances may be transferred among polluting sources and others, so that market forces may govern their ultimate use and distribution, resulting in the most cost-effective sharing of the emissions control burden. EPA is directed under section 416 of the Act to conduct annual sales and auctions of a small portion of allowances (2.8%) withheld from the total allowances allocated to utilities each year. Sales and auctions are expected to stimulate and support the allowance market and to provide a public source of allowances, particularly to new units for which no allowances are allocated. In the Fall of 1992, EPA delegated the administration of the EPA allowance auctions and sales to the Chicago Board of Trade (CBOT). Today, the Acid Rain Division is giving notice of the results of the third annual

SO₂ allowance auctions that were conducted by the CBOT on March 27, 1995.

For rules governing the conduct of the auctions and sales see 40 CFR Part 73, Subpart E.

I. Offers

A. Total Allowances Available for Auction

In the spot auction (year 1995 allowances sold), a total of 58,306 allowances were offered for sale: 50,000 that were withheld from the utilities and an additional 8,306 that were voluntarily contributed from utilities. In the 6-year advance auction (year 2001 allowances sold), a total of 32,000 allowances were offered for sale: 25,000 that were unsold from the 1994 direct sale and an additional 7,000 that were contributed from utilities. In the 7-year advance auction (year 2002 allowances sold), a total of 107,000 allowances were offered for sale: 100,000 that were withheld from the utilities and an additional 7,000 that were contributed. The minimum prices that utilities would accept for their contributed allowances are listed in Table 1.

TABLE 1.—OFFER DATA FOR THE 1995 AUCTIONS SPOT AUCTION OFFERS (1995)

Minimum price	Quantity	Cumulative total
* * * *	* 600	600
\$135.00	102	702
\$140.00	102	804
\$145.00	102	906
\$145.00	600	1,506
\$150.00	2,500	4,006
\$155.00	2,500	6,506
\$160.00	600	7,106
\$170.00	600	7,706
\$180.00	600	8,306

* 600 allowances, with offer prices equal to or less than \$130.00, were sold at \$130.00.

TABLE 2.—SPOT AUCTION BIDS (1995)

Bid	Quantity	Bidder's name	Cumulative total
\$350.00	1	New England School of Law Environmental Law Society	1
\$210.00	1	Environmental Law Students Association	2
\$200.00	1	Environmental Law Students Association	3
\$200.00	1	Thomas M. Cooley Environmental Law Society	4
\$200.00	5	University of Michigan Environmental Law Society	9
\$180.00	1	Hamline University School of Law	10
\$176.00	1	Duke University School of the Environment	11
\$170.00	1	Hamline University School of Law	12
\$170.00	1	Michael S. Hamilton	13
\$160.00	1	Pollution Retirement Center	14
\$153.00	1	L.J. O'Callaghan, Sr.	15
\$151.00	21	IN.H.A.L.E./Glens Falls, NY Middle School	36
\$150.00	2	Electric Software Products/David Gloski	38
\$150.00	2	Electric Software Products/Alexander Long	40
\$150.00	1	University of Maryland School of Law	41

6-YEAR ALLOWANCE AUCTION OFFERS (2001)

Minimum price	Quantity	Cumulative total
* * * *	* 400	400
\$140.00	400	800
\$160.00	400	1,200
\$180.00	400	1,600
\$199.00	2,000	3,600
\$200.00	400	4,000
\$299.00	2,000	6,000
\$399.00	1,000	7,000

* Three allowances, with offer prices equal to or less than \$129.00, were sold at \$129.00 and 397 allowances, with offer prices equal to or less than \$128.00, were sold at \$128.00.

7-YEAR ALLOWANCE AUCTION OFFERS (2002)

Minimum price	Quantity cumulative	Total
* * * *	* 400	400
\$135.00	* 400	800
\$155.00	400	1,200
\$175.00	400	1,600
\$195.00	2,000	2,000
\$199.00	2,000	4,000
\$299.00	1,000	6,000
\$399.00	6,200	7,000

* 400 allowances, with offer prices equal to or less than \$126.00, were sold at \$126.00.

II. Bids

A. Spot Auction Results

CBOT received 89 bids requesting 255,371 year 1995 allowances. There were 46 successful bids and 50,600 allowances were sold (50,000 withheld and 600 contributed). Spot auction proceeds totaled \$6,676,386.

Per EPA regulations, unsuccessful bidders' names are not revealed.