

§ 73.53

until after completion of the deductions pursuant to §73.35(b) for year before the year in which the allowance transfer deadline occurs.

(c) Where an allowance transfer submitted for recordation fails to meet the requirements of paragraph (a) of this section, the Administrator will not record such transfer.

[58 FR 3694, Jan. 11, 1993, as amended at 60 FR 17114, Apr. 4, 1995; 70 FR 25336, May 12, 2005]

§ 73.53 Notification.

(a) *Notification of recordation.* The Administrator will notify each party to an allowance transfer within five business days following the recordation of the transfer. Notice will be given in writing or in a format to be specified by the Administrator, to the authorized account representatives of both the transferrer and transferee accounts.

(b) *Notification of non-recordation.* By no later than five business days following receipt of an allowance transfer request by the Administrator, the Administrator will notify, in writing or in a format to be specified by the Administrator, the authorized account representatives of the accounts subject to the allowance transfer request submitted for recordation of:

(1) A decision not to record the transfer, and

(2) The reasons for such non-recordation.

(c) Nothing in this section shall preclude the submission of an allowance transfer request for recordation following notification of non-recordation.

Subpart E—Auctions, Direct Sales, and Independent Power Producers Written Guarantee

SOURCE: 56 FR 65601, Dec. 17, 1991, unless otherwise noted.

§ 73.70 Auctions.

(a) *Allowances to be auctioned.* Every year the Administrator will auction allowances from the Auction Sub-account, established pursuant to subpart B of this part, according to the following schedule:

40 CFR Ch. I (7–1–07 Edition)

TABLE I—ALLOWANCE SCHEDULE FOR AUCTIONS

Year of purchase	Spot auction	Advance auction	Advance auction*
1993	50,000 ^a	100,000 ^b	
1994	50,000 ^a	100,000 ^b	25,000 ^c
1995	50,000 ^a	100,000 ^b	25,000 ^c
1996	150,000	100,000 ^b	25,000 ^c
1997	150,000	125,000 ^b	25,000 ^c
1998	150,000	125,000 ^b	
1999	150,000	125,000 ^b	
2000 and after	125,000	125,000 ^b	

^a Not usable until 1995.

^b Not usable until 7 years after purchase.

^c Not usable until 6 years after purchase.

*These are unsold advance allowances from the direct sale program for 1993, 1994, 1995, and 1996 respectively.

In addition to the allowances listed above, the Administrator will auction allowances pursuant to paragraph (c) of this section and §73.72(q) in the amounts and at the times provided for therein.

(b) *Timing of the auctions.* The spot auction and the advance auction will be held on the same day, selected each year by the Administrator, but no later than March 31 of each year. The Administrator will conduct one spot auction and one advance auction in each calendar year.

(c) *Submittal for other allowances for auction.* Authorized account representatives may offer allowances for sale at auction, provided that allowances are dated for the year in which they are offered or for any previous year or for seven years following the year in which they are offered. Such authorized account representatives may specify a minimum price for the allowances offered at the auctions. The authorized account representative must notify the Administrator fifteen business days prior to the auctions, using the SO₂ Allowance Offer Form published by the Administrator, or by means of electronic communication if the Administrator, following public notice, so requires or permits at some future time. The notification shall include:

(1) The compliance use date of the allowances offered;

(2) The number of allowances to be sold and any other information identifying the allowances offered that may be required by subpart C of this part;

(3) Any minimum price; and

(4) Whether the authorized account representative is willing to sell fewer allowances than the number stated in paragraph (c)(2) of this section, if the

Environmental Protection Agency

§ 73.70

full amount cannot be sold. After notification, the Administrator will deduct allowances from the appropriate Allowance Tracking System account from which allowances are being offered and place them in a separate subaccount for such allowances.

(d) *Conduct of the auctions.* (1) The Administrator will rank all bids in descending order of bid price starting with the highest. Allowances will be sold from the Auction Subaccount in this order at the amounts specified in the bids until there are no allowances in the subaccount. If all allowances are sold from the Auction Subaccount, including unsold allowances transferred from the preceding year's direct sale, and if bids still remain, the Administrator will sell allowances offered by the authorized account representatives, beginning with those offered at the lowest minimum price. Allowances offered at the lowest minimum price will be matched with the highest bid remaining after the Auction Subaccount is exhausted. Sales of offered allowances, including, but not limited to, allowances offered by more than one offeror at the same minimum bid price, will continue in ascending order of minimum price, starting with the lowest, and descending order of remaining bids, starting with the highest, until:

- (i) All allowances are sold,
- (ii) No bids remain, or
- (iii) Prices of remaining bids do not meet minimum prices required in remaining offers.

(2) In the event that there is more than one bid submitting the same price and the total number of allowances requested in all such bids exceeds the number of allowances remaining, the Administrator will award the remaining allowances by lottery to such bidders.

(3) In the event that there are more offers of sale at the minimum price than there are bids meeting that price, allowances from all such offers will be sold to cover the bids, according to each such offeror's pro rata share of all allowances so offered.

(4) In the event that fewer allowances remain than are requested in a bid, the Administrator will sell such remaining allowances to the bidder provided that,

pursuant to § 73.71(b)(4), the bid states the bidder's willingness to purchase fewer allowances than requested in the bid.

(5) In the event that fewer than all allowances included in an offer for sale would be sold to remaining bids based on price, the Administrator will sell such allowances to the bidder(s), provided that, pursuant to § 73.70(c)(4), the offer states the offeror's willingness to sell fewer allowances than were offered for sale.

(e) *Announcement of results.* Following each auction, the Administrator will publish the names of winning bidders and their bids, the amounts of losing bids, and the lowest price at which allowances are sold.

(f) *Transfer of allowances.* Allowances will be transferred from the Auction Subaccount and from the Allowance Tracking System account for allowances offered by authorized account representatives to the Allowance Tracking System accounts of successful bidders as soon as payment is collected by the Administrator.

(g) *Return of unsuccessful bids.* The Administrator will return payment to unsuccessful bidders and to bidders unwilling to purchase fewer allowances than requested following the conclusion of each auction.

(h) *Transfer of proceeds.* The Administrator will return all proceeds from the auction as follows:

(1) Allowances auctioned from the Auction Subaccount. Not later than 90 days following each auction, the Administrator will pay a pro rata share of the proceeds of each auction to the authorized account representative of each unit from whose annual allowance allocation allowances were withheld for the purposes of establishing the Auction Subaccount. Each unit's pro rata share will be calculated pursuant to regulations to be promulgated under subpart B.

(2) Allowances contributed from others. Not later than 90 days following each auction, the Administrator will transfer the full amount of the proceeds of each sale of allowances offered by authorized account representatives to such representatives. Proceeds from the sale of allowances that were offered with the same specified minimum price

§ 73.71

40 CFR Ch. I (7-1-07 Edition)

will be distributed according to each such offeror's pro rata share of the sale of such allowances.

(3) The Administrator will pay no interest on any payment made pursuant to paragraphs (h) (1) and (2) of this section.

(i) *Return of unsold allowances.* The Administrator will return all unsold allowances from the auction as follows:

(1) Allowances in the Auction Subaccount. At the conclusion of each auction, the Administrator will transfer to the Allowance Tracking System account of each source that includes a unit specified in paragraph (h)(1) of this section its pro rata share of any allowances remaining in the Auction Subaccount. Each unit's pro rata share will be calculated pursuant to regulations to be promulgated under subpart B.

(2) Allowances contributed from others. At the conclusion of each auction, the Administrator will return unsold allowances to the appropriate offerors' Allowance Tracking System accounts. Any unsold allowances that were offered with the same specified minimum price will be distributed according to each such offeror's pro rata share of all such allowances offered.

[56 FR 65601, Dec. 17, 1991, as amended at 61 FR 28763, June 6, 1996; 63 FR 5735, Feb. 4, 1998; 63 FR 51766, Sept. 28, 1998; 70 FR 25336, May 12, 2005]

§ 73.71 Bidding.

(a) *Who may participate in the auctions.* Any person may participate in the auctions by submitting a bid or bids pursuant to this section.

(b) *Bidding.* Sealed bids shall be sent to the Administrator using the Bid Form for SO₂ Allowance Auctions, or some method of electronic transfer if the Administrator, following public notice, so requires or permits at some future time. The bid form shall state:

(1) The number of allowances sought and the price;

(2) Whether spot or advance allowances are sought;

(3) Allowance Tracking System account number;

(4) Whether the bidder is willing to purchase fewer allowances than the number of allowances stated in (b)(1) of this section if the full amount is not

available. Where the bidder holds no Allowance Tracking System account, a New Account/New Authorized Account Representative Form must accompany the bid. New account information shall include at a minimum: Name, address, telephone number, facsimile number, organization or company name (if applicable), type of organization, and the authorized account representative for purposes of the account.

(c) *Payment.* Each bid must include a certified check or letter of credit for the total bid price, or may specify a method of electronic transfer or other method of payment, if the Administrator, following public notice, so requires or permits at some future time. The certified check should be made payable to the U.S. EPA. To meet the requirements of this paragraph bidders must submit a completed SO₂ Allowance Auction Letter of Credit Form. If such Form is used, the Administrator must receive full payment for allowances awarded at the auctions, either by wire transfer or certified check, no later than 2 business days after the results of the auction are announced in the Allowance Tracking System.

(d) *Bid amount and number of bids.* Bidders may request any number of allowances up to the amount of allowances available for auction. Any person may submit more than one bid in each auction, provided that each bid meets the requirements of this section.

(e) *Submission of bids.* The Administrator will publish in the FEDERAL REGISTER and in the Commerce Business Daily the address of where to submit bids and payment not later than 60 calendar days before each auction.

(f) *Deadline for bids.* All bids must be revised by the Administrator no later than 3 business days prior to the date of the auctions.

§ 73.72 Direct sales.

Allowances that were formerly part of the direct sale program, which has been terminated under § 73.73(b), will be included in the annual allowance auctions in accordance with § 73.70(a).

[61 FR 28763, June 6, 1996]