

Amendment Number	Release Date	Notes
1	April 13, 2016	This amendment addresses the following changes: 1) The title of the procurement is amended to "Financial Services for Auctions and Reserve Sales", 2) the key dates of the procurement have been updated, and 3) minor clarifications have been made to document to clarify the submission requirements.



**Request for Expression of Interest**

**Financial Services for  
Auctions and Reserve Sales**

REI No. 2016-01

*This REI is available on the  
Western Climate Initiative,  
Inc. (WCI, Inc.)*

Website at <http://www.wci-inc.org/rei-auction-finance.php>.

*Interested parties are encouraged to visit the WCI, Inc. website for more information and potential updates to the solicitation, and to subscribe to the electronic mailing list.*

Original Release Date:  
February 22, 2016

Amendment #1 Release Date:  
April 13, 2016

Request for Expression of Interest  
Financial Services for Auctions and Reserve Sales

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## **Request for Expression of Interest Financial Services for Auctions and Reserve Sales**

### **1.0 Purpose**

Western Climate Initiative, Inc. (WCI, Inc.) is seeking experienced and qualified financial services contractors to develop and provide financial and transactional escrow agency services to support auctions and reserve sales (“Financial Services”) for WCI, Inc. and its Participating Jurisdictions. These Financial Services will support the implementation of multi-jurisdiction joint and jurisdiction-specific greenhouse gas (GHG) allowance auctions, as well as jurisdiction-specific allowance sales. Auction and Reserve Sale Administrator (Auction Administrator) services to conduct auctions and reserve sales is managed through a separate contractor under a separate contract with WCI, Inc.

Financial Services are required in both the U.S. and Canada. Depending on the qualifications and capabilities of potential Offerors, WCI, Inc. may select one contractor to provide both U.S.-based and Canadian-based financial services, or may select one contractor to provide U.S.-based services and one contractor to provide Canadian-based services. If two contractors are selected, coordination between the two will be required.

To be eligible, prospective Offerors must have an official financial services presence in one or both of the U.S. and Canada, and be able to provide all required Financial Services in accordance with all applicable national laws and regulations of the WCI, Inc. Participating Jurisdictions. The Scope of Work is described in Appendix A.

Financial services contractors are invited to indicate their interest in providing the Financial Services by providing an Expression of Interest (EOI) in response to this Request for Expression of Interest (REI). WCI, Inc. reserves the right to modify or cancel this solicitation and/or change dates and times at its sole discretion. Notice of changes will be posted on the WCI, Inc. website at: <http://www.wci-inc.org/rei-auction-finance.php>.

### **2.0 Western Climate Initiative, Inc.**

Western Climate Initiative, Inc. (WCI, Inc.) is a non-profit corporation formed to provide administrative and technical services to support the implementation of state and provincial greenhouse gas (GHG) emissions trading programs.

The Board of Directors for WCI, Inc. includes officials from the provinces of Québec, Ontario and British Columbia, and the State of California (hereafter referred to as Participating Jurisdictions). The services provided by WCI, Inc. can be expanded to support jurisdictions that join in the future. Primary services administered by WCI, Inc. include the Compliance Instrument Tracking System Service (CITSS), Auction

and Reserve Sale Administrator Services, Financial Services for Auctions and Reserve Sales (the focus of this solicitation), and Market Monitoring Services.

Further detail on the California and Québec auctions and reserve sales can be found in the auction and reserve sale notices posted by the jurisdictions. California auction and reserve sale notices can be found at:

<http://www.arb.ca.gov/cc/capandtrade/auction/auction.htm>.

Québec auction and reserve sale notices can be found at:

<http://www.mddelcc.gouv.qc.ca/changements/carbone/Ventes-encheres.htm>.

The period of performance for this contract is August 1, 2016 to January 31, 2021.

### 3.0 Procurement Process and General Requirements for Submitting an Expression of Interest

#### 3.1 Procurement Process

The procurement will be managed in the following steps.

**Table 1. Key Dates**

<b><u>Key Actions</u></b>	<b><u>Dates</u></b>	<b><u>Time*</u></b>
REI Available to Prospective Offerors	02/22/2016	N/A
Financial Services Offerors' Conference	02/29/2016	11:30 a.m.
Written Questions Submittal Deadline	03/01/2016	5:00 p.m.
Question Responses due from WCI, Inc.	03/11/2016	5:00 p.m.
<b>Final Date for EOI Submission/Receipt by WCI, Inc.</b>	<b>05/11/2016</b>	<b>5:00 p.m.</b>
Offeror's Presentation(s)	05/16/2016 - 05/20/2016	TBD
<b>Bids from Selected Offerors Receipt by WCI, Inc.</b>	<b>06/03/2016</b>	<b>5:00 p.m.</b>

\* All times are Pacific Time.

This REI is available on the WCI, Inc. website at: <http://www.wci-inc.org/rei-auction-finance.php>.

The Offerors' Conference will familiarize Offerors with the solicitation. All questions regarding this solicitation must be submitted in writing by March 1, 2016. All questions will be answered in writing by March 11, 2016 and posted to

<http://www.wci-inc.org/rei-auction-finance.php>. All questions or concerns related to this REI must be directed via email to:

Contact: Kaveena Mathi  
Email: [rei@wci-inc.org](mailto:rei@wci-inc.org)

After review of all submitted EOI documents, WCI, Inc. will invite selected Offerors to provide a presentation to further describe their corporate experience and approach to providing the services outlined in Appendix A.

After review of Offerors' EOI documents and presentations, WCI, Inc. will invite selected Offerors to provide a final cost bid for the work. WCI, Inc. will make its final selection based the evaluation described below in section 4.0.

### **3.2 General Requirements for Submitting an Expression of Interest**

1. The information must be submitted in English or French.
2. An EOI must be received electronically as a single Portable Document Format (PDF) file at [rei@wci-inc.org](mailto:rei@wci-inc.org) by the deadline noted above. Expressions of Interest received after the final date and time for submission/receipt by WCI, Inc. will not be considered.
3. An Offeror's EOI should not exceed seven single-sided, letter-sized pages with minimum 1-inch borders, minimum font (Arial) size of 10 pt., and 1-line spacing, stating the Offeror's interest, ability and its commitment to complete the requested financial services listed in the Statement of Work.

### **3.3 EOI Submission Requirements**

The Expression of Interest shall include the following information.

#### **3.3.1 Experience of the Offeror on Similar Projects**

The Offeror shall provide information on past projects which they have performed that demonstrate services similar to those listed in Appendix A. Each project listed shall include a brief description of the project scope actually performed by the Offeror and its relevance to the proposed assignment. It shall identify the Offeror's office(s) the work was performed from, the date (time frame) the services were performed, and magnitude and cost for each project listed.

#### **3.3.2 Key Personnel's Qualifications and Relevant Experience**

The Offeror shall identify the key personnel that will be assigned to manage the project, their roles and responsibilities specific to the assignment, and their qualifications and experience.

#### **3.3.3 Approach to the Project**

The Offeror shall provide a brief outline of their approach to the project, including existing processes, systems, and controls that will be used to ensure the services can be performed as required in the Statement of Work. The Offeror shall identify key issues and potential problems and discuss

alternatives and options which would lead to successful implementation of the project.

### **3.3.4 Discussion of Potential Conflicts in Interest**

The Offeror shall describe their process for identifying potential, perceived, and real conflicts. The Offeror shall also describe the process for how identified conflicts will be mitigated.

Any final contractor and its agents, representatives, and subcontractors must mitigate conflicts of interest between the Financial Services required under this Agreement and services provided by the Contractor to other clients or the Contractor's other business operations. The Offeror must describe any potential real or perceived conflicts of interest (e.g., the Offeror or an associated company is a covered entity, a General Market Participant, or provides services to a covered entity or General Market Participant) and any formal policies and procedures to identify and mitigate conflicts of interest, and ensure that the Offeror's organization, management and employees avoid financial interests and activities that potentially create conflicts of interest.

### **3.3.5 Offeror's Terms and Conditions**

The Offeror shall submit the terms and conditions they propose to use for services outlined in Appendix A.

The Offeror, by submitting an EOI, agrees not to bring, and waives any rights it may have to bring, any claim, action or proceeding (including any claim, action or proceeding for damages of any kind, including indirect, consequential or special damages or lost profits) against WCI, Inc., any Participating Jurisdiction, any funding entity of WCI, Inc. or any director, officer, employee or agent of any of the foregoing which arises from, relates to or is connected with the solicitation, including the solicitation's competitive process, the evaluation of Offerors, the subsequent request for bids from selected Offerors, the evaluation of the bids, the selection of a successful Offeror and any failure to enter into an Agreement with an Offeror.

## **3.4 Presentations by Offerors Submitting an EOI**

After review of all submitted EOI documents, WCI, Inc. will invite selected Offerors to provide a presentation describing how the Offeror would provide services as outlined in Appendix A. WCI, Inc. will invite the Offeror(s) to conduct a presentation at a location or via a webinar based on the location of the Offeror.

The presentations should be no more than two hours to allow time for the presentation as well as responses to questions.

The Offeror's presentation should provide information on the following topics:

### **3.4.1 Services Offered**

1. Services for all U.S.-based Participating Jurisdiction(s)
2. Services for all Canadian-based Participating Jurisdiction(s)

### 3. Services for all Canadian and U.S.-based Participating Jurisdictions

#### **3.4.2 Corporate Experience**

The presentation should outline the Offeror's experience on recent (i.e., performed within the past five (5) years) contracts and subcontracts that are similar in size, scope, and complexity to this project.

The presentation should discuss the location(s) of where work will be conducted and any coordination required if multiple offices are proposed to provide services, and the corporate experience presented must be specific to this location(s)/office(s).

#### **3.4.3 Personnel**

The presentation should discuss the personnel proposed to manage the financial services required, including their titles, qualifications, and professional certifications, a summary of similar work performed, and what tasks each professional will perform.

#### **3.4.4 Technical Approach and Understanding**

The presentation should outline a technical approach to providing all services that demonstrates understanding of the objectives of the financial services required and how they would be accomplished.

The presentation should outline the approach for performing each of the nine tasks in the Statement of Work discussing the following:

- Current services or programs offered that will be used to meet the objectives of the financial services required.
- Administrative and operational management controls that will be used to ensure timely delivery and high-quality performance of each task.
- A timeline for all financial services to be developed, or customized, as needed, to meet the objectives of the financial services required. The timeline must include the first auction or reserve sale for which financial services will be ready for.
- Any risks to successful performance of each task within the timeline presented and methods to resolve these risks.

#### **3.4.5 Management Plan**

The presentation should outline a management plan including the management structure and project organization that would be used to ensure effective communication and coordination with WCI, Inc. and Participating Jurisdictions. This discussion should outline all project management responsibilities, processes, and coordination with WCI, Inc. and the Participating Jurisdictions necessary to ensure successful completion of required tasks.

#### **3.4.6 Conflict of Interest**

Offerors selected to present should be prepared to discuss their policies and procedures utilized to identify and mitigate conflicts of interest, and ensure that the Offeror's organization, management and employees avoid conflicts of interest.



### 3.4.7 Estimated Costs

The presentation should outline the estimated cost of the project. An Offeror's costs discussed during the presentation will not be binding as the purpose of the presentation is to explore the services offered and the Offeror's estimated costs.

The presentation of estimated costs should include the Offeror's best estimate of the total cost in U.S. dollars (USD) to provide the services and meet the specifications described in Appendix A, Statement of Work, for the duration of the contract period. Note that Joint Auctions may include California/Quebec, and/or California/Quebec/Ontario; but here just referred as Joint Auctions.

In the presentation of estimated cost, the cost structure will need to be discussed as well as the cost for each task and the total costs.

Provided below is a cost estimate structure to illustrate one method of presenting estimated costs, although this format is not required. Depending on the cost structure proposed, additional tables may be included, for example to differentiate reserve sale cost by jurisdiction.

The format of the cost estimate will depend on the cost structure proposed. As an example, the cost structure for financial services for a joint auction may be different than a jurisdiction-specific auction. The cost structure may also depend on the number of auction applicants or the number of qualified bidders. The number of qualified bidders is the number of entities approved to participate. The number of entities applying to participate may be greater than those approved to participate. Each entity is represented by a minimum of two and up to five account representatives that may bid on behalf of the entity.

Description of Services (Planning Tasks)	Cost (\$)
<b>Task 1.</b> Develop Final Work Plan and Schedule	
<b>Task 2.</b> Financial Services Preparation	
<b>Task 6.</b> Prepare a System Security Report	
<b>Task 7.</b> New Jurisdictions	
<b>Task 8.</b> Transition Out	
<b>Task 9.</b> Other Activities as Directed	
<b>Total Costs (Planning Tasks)</b>	<b>\$</b>

Description of Services (Financial Services)	Cost (\$)
<b>Task 3.</b> Pre-Auction Escrow Services	
<b>Task 4.</b> Post-Auction Escrow Services	
<b>Task 5.</b> Consigning Entity Setup and Payments	
<b>Total Costs of Financial Services <i>per Auction</i> (Sum of All Costs for Tasks 3-5)</b>	<b>\$</b>

Description of Services (Reserve Sale Financial Services)	Cost (\$)
<b>Task 3.</b> Pre-Reserve Sale Escrow Services	
<b>Task 4.</b> Post-Reserve Sale Escrow Services	
<b>Total Costs of Financial Services <i>per Reserve Sale</i> (Sum of All Costs for Tasks 3-4)</b>	<b>\$</b>

Total Cost Estimate	Total Cost (\$)
<b>Planning Tasks</b>	
<b>Financial Services for Auctions (x24)</b>	
<b>Financial Services for Reserve Sales (x 48)</b>	
<b>Total Costs</b>	<b>\$</b>

For the total estimated costs, for the purpose of planning only, the following assumptions can be made for the performance period for the contract. The actual number of ON only and joint auctions that may require financial services may be more or less than estimated below as the date for ON participation in joint auctions has yet to be determined.

Joint Auctions:

- 16 auctions to be held
  - 100 U.S.-based applicants
  - 30 – 80 Canadian-based applicants

ON only Auctions:

- 8 auctions to be held
  - 50 Canadian-based applicants

Reserve Sales:

- 16 U.S.-based reserve sales to be held
  - 20 applicants
- 32 Canadian-based reserve sales to be held
  - 20 applicants

During the performance period for this contract it is possible that additional Jurisdiction-specific auctions and/or reserve sales will be required for a new jurisdiction(s). The cost structures proposed for financial services must apply to current Participating Jurisdictions requiring auctions and reserve sales services and any new U.S. state or Canadian province requiring auctions and reserve sales services.

### **3.5 Request for Cost Bid**

After review of all submitted EOI documents and presentations by Offerors, WCI, Inc. will invite selected Offerors to submit a final cost bid in response to the Request for Bid (RFB). The bid submitted will be a binding offer to provide services.

Any bid submitted must contain all of the components, information, and documents as outlined below:

#### **3.5.1 Title Page**

The purpose of this page is to provide in one location the information needed by WCI, Inc. administrative staff. It must contain the following items:

1. The title of the bid, which must be the same as the title of the REI.
2. The number of the REI (REI No. 2016-01).
3. The date of the bid.

#### **3.5.2 Cover Letter / Letter of Commitment**

This cover letter must not be more than 2 pages, in Arial size 10-point font or similar, and must include the following paragraphs and the signature of the representative authorized to make the proposal on behalf of the Offeror:

“The enclosed bid is submitted in response to the above-referenced Request for Expression of Interest #2016-01, including any addenda, and invitation to submit a bid. Through submission of this bid we agree to all of the requirements as outlined in Appendix A of the Request for Expression of Interest, and agree that any inconsistent provisions in our Expression of Interest or presentation may result in a lower score, up to and including disqualification. We have carefully read and examined the Request for Expression of Interest, and have conducted such other investigations as were prudent and reasonable in preparing the bid. We agree to be bound by statements and representations made in our bid.”

This cost proposal provides a binding offer to provide the services and meet the specifications described in Appendix A, Statement of Work, for the duration of the contract period outlined in REI 2016-01.

The cover letter must be provided as a hard copy on the company's letterhead and include the following:

1. The name and address of the company. [Note: A Post Office box may be used, but the company's street address must be provided for records.];
2. The name, title, and original signature of a company official.
3. Only an individual who is authorized to bind the proposing Offeror contractually shall sign the required Cover Letter for the proposal. The

signature must indicate the title and/or position that the individual holds. An unsigned bid may be rejected.

4. The cover letter shall indicate whether the bid is for providing services in the U.S. and Canada, the U.S. only, or Canada only.

### **3.5.3 Final Cost Proposal**

The Offeror's final cost proposal should utilize a format similar to the estimated cost proposal described in Section 3.4.7.

## **4.0 WCI, Inc. Evaluation Process**

WCI, Inc. may elect to enter into a contract with qualified Offeror(s) offering the best overall value, including the Technical Evaluation and Cost Evaluation. WCI, Inc. may elect to enter into a contract with one contractor to provide service in the United States and Canada, or two contractors – one contractor for service in the United States and one contractor for service in Canada. Offerors will not be penalized for proposing service in only one jurisdiction.

If a written contract cannot be negotiated, approved, and executed with the selected Offeror(s), WCI, Inc. may, at its sole discretion at any time, terminate negotiations with that Offeror and either negotiate a contract with the Offeror with the next highest value or choose to terminate the solicitation and not enter into a contract with any of the Offerors.

### **4.1 Technical Evaluation**

After the completion of the Offeror's Presentation, WCI, Inc. will conduct an evaluation of the Offeror's proposal to provide services in accordance with the requirements outlined in the Statement of Work. The Offeror's proposal will consist of all information provided in the Offeror's EOI, presentation, and final cost bid. WCI, Inc. will score the Offeror's proposal using the following criteria:

1. Technical Approach and Understanding: 50 Points
2. Corporate Experience: 20 Points
3. Personnel: 20 Points
4. Management Plan: 10 points

In reviewing the Technical Approach and Understanding, WCI, Inc. will review all available material and evaluate each Offeror's offering for services focusing on the following elements:

- Demonstration of sound, feasible, and achievable technical approach to accomplishing the project, which clearly describes the project's objectives and needs and the manner in which they shall be addressed;
- Demonstration of solid grasp of the subject area, including familiarity with regulatory and market-based issues related to financial services for market-based environmental compliance programs;

- Demonstration of any technical barriers/anticipated major difficulties, and recommendations for their resolution; and
- Demonstration of ability to work with organizations responsible for designing and implementing market-based environmental compliance mechanisms.

#### **4.2 Cost Evaluation**

Offerors invited to present will be asked to prepare an estimated cost for the term of the contract. After the presentation, the Offeror will have the opportunity to submit a final cost proposal.

Final cost proposals will be evaluated by WCI, Inc. based on the following:

The technically qualified proposal that has the lowest final cost proposal shall be given a maximum cost score of 50 points. All other technically qualified proposals will receive a cost score calculated as the ratio of the lowest cost proposal to the Offeror's cost, multiplied by the maximum cost estimate points available (50).

WCI, Inc. will select the Offeror(s) that offers the best overall value, including through consideration of the Technical Evaluation and Cost Evaluation for providing Financial Services among other factors.

## Appendix A. STATEMENT OF WORK

This Statement of Work (SOW) describes the detailed services Western Climate Initiative, Inc. (WCI, Inc.) is seeking from experienced and qualified contractors to develop and provide financial and transactional escrow agency services for greenhouse gas (GHG) allowance auctions and reserve sales (hereafter referred to as “Financial Services”) for WCI, Inc. and its Participating Jurisdictions. These Financial Services will cover multi-jurisdiction joint and jurisdiction-specific GHG allowance auctions, as well as jurisdiction-specific allowance sales (e.g., California Reserve Sales and Québec Sale by Mutual Agreement). For simplicity, throughout this document, a California Reserve Sale, a Québec Sale by Mutual Agreement and Ontario’s Sales of reserve allowances will be referred to as a reserve sale.

All services are to be conducted in accordance with the program regulations in effect for California, Québec, and Ontario. If any instruction from WCI, Inc. or the Participating Jurisdictions is unclear, incomplete, or inconsistent with program regulations, other data, or instructions provided to Contractor(s), the Contractor(s) shall seek clarification from WCI, Inc. and Participating Jurisdictions prior to carrying out the instruction.

For all Statement of Work tasks, a contractor providing Canadian-based financial services will provide services and consolidate data for all jurisdiction accounts for Canadian Participating Jurisdictions and all entity accounts for entities registered under the Participating Jurisdiction programs. A contractor providing U.S.-based financial services will provide services and consolidate data for all jurisdiction accounts for U.S. Participating Jurisdictions and all entity accounts for entities registered under the Participating Jurisdiction programs. A contractor providing Canadian and U.S.-based financial services will provide services and consolidate data for all Participating Jurisdictions.

As WCI, Inc. is seeking contractor services to provide financial services to support the implementation of state and provincial auctions and reserve sales. Contractor(s) (in cooperation with any subcontractors) **must** have an official financial services presence in the country they seek to provide service in and be able to provide all required Financial Services in accordance with all applicable national laws and regulations of the Participating Jurisdictions. An official financial services presence in a country is defined as having physical locations in the country that operate in accordance with all pertinent national and subnational laws and regulations. Offerors are expected to understand the laws and regulations in effect in these national and subnational jurisdictions in which they offer to provide services while providing the financial services described in this REI in a consistent manner across all Participating Jurisdictions in which they offer to provide services (U.S. based, Canadian-based, or both).

WCI, Inc. and Participating Jurisdictions will work with contractors to develop processes and procedures and reports to be as consistent as possible to reduce the impact of joint auction operations on Participating Jurisdictions.

The scope of work consists of nine tasks as described below.

### **Task 1: Develop Final Work Plan and Schedule**

The Contractor(s) shall develop a draft Work Plan that indicates how the Contractor(s) intends to execute each task and how the Contractor(s) will interact with WCI, Inc. and Participating Jurisdictions. The schedule for completing each task element must be provided with an explanation of the appropriateness of the timeframes for each subtask. Upon receipt of the draft Work Plan, WCI, Inc. and the Participating Jurisdictions shall review the Work Plan and provide comments to the Contractor(s) on the strengths and weaknesses of the draft Work Plan in terms of meeting the requirements laid out in the SOW. Upon receipt of the comments, the Contractor(s) will finalize the Work Plan for approval by WCI, Inc.

The Contractor(s) shall provide the following deliverables for this task:

Draft Work Plan: Two weeks after contract initiation

Final Work Plan: One week after receipt of comments on draft

**Task 2: Develop Processes and Procedures for Financial Services for Auctions and Reserve Sales** The purpose of Task 2 is to develop all of the services needed to provide Financial Services, including developing processes and procedures, systems, reports, and outreach and training materials as required.

Under this task the Contractor(s) shall prepare Processes and Procedures Documents that describe the steps and requirements needed to provide Financial Services for multi-jurisdiction joint and jurisdiction-specific auctions and jurisdiction-specific reserve sales. Processes and procedures should include all aspects of Financial Services, including pre- and post-auction and reserve sale escrow services, currency exchange, proceeds distribution, and consigning entity account set up and payments. Currently, Participating Jurisdictions conducting auctions and reserve sales include California and Québec. Ontario is targeting its first auction for March 2017. Currently, each auction held includes a Current Auction and Advance Auction that occur simultaneously. Financial Services will require the ability to allow for financial settlement of auctions in addition to Current and Advance Auctions, as there may be a need to auction allowances of vintages other than the Current and Future vintage. In general, financial settlement involves the combined costs for all auctions simultaneously conducted in a single auction event.

To set up and manage financial services accounts, an account structure must be proposed that provides the Financial Administrator the ability to manage the submittal of cash and physical bid guarantees and payments submitted by all

auction and reserve sale participants as well as the management of jurisdiction funds. Information required from potential auction applicants and the Participating Jurisdictions in Financial Services may be impacted by the proposed account structure due to several factors, including which jurisdictions are participating, data required for compliance with banking regulations, the type of event scheduled, and the reporting structure, among other factors.

The account structure proposed for the U.S. escrow services must be in full compliance with all U.S. federal and state regulations. The account structure proposed for the Canadian escrow services must be in full compliance with all Canadian federal and provincial regulations.

In all cases, the Contractor(s)'s account structure must permit the management of multiple currencies consistently, while also reducing the impact to the potential auction applicants and Participating Jurisdictions and auction and reserve sale applicants to the greatest degree possible.

These processes and procedures must be developed to fully describe:

- a) Pre-auction and reserve sale escrow services including:
  - a. Set up and management of financial services accounts
    - i. Process to receive, manage, and update entity and representative information for potential applicants and actual applicants for each event
    - ii. Process to complete financial qualification process, as required by applicable banking regulations, including requesting and receiving required entity information and completing any required due diligence review to comply with U.S. and/or Canadian banking regulations (e.g., know-your-customer (KYC) requirements)
  - b. Receipt, management, and reporting of cash and physical bid guarantees specific to each jurisdiction's regulatory provisions
  - c. Receipt and management of bid guarantee return instructions
  - d. Provide secure process to update bid guarantee return instructions as needed
  - e. Receipt and management of entity data and proceeds distribution instructions for consigning entities for each auction
  - f. Transmitting entity financial services account and bid guarantee type and amount data to the auction and reserve sale services contractor, hereafter called the "Auction Administrator"
  - g. Reporting of pre-auction financial services account information, including bid guarantee type and amount data for auction applicants to Participating Jurisdictions
- b) Post-auction and reserve sale escrow services, currency exchange, and reporting/reconciliation services including:
  - a. **Escrow**



- i. Receiving and recording results information for each event from the Auction Administrator
- ii. Calculating amounts owed and/or due to be returned from results information received
- iii. Receiving and recording cash payment for amounts owed
- iv. Returning unused cash bid guarantees or funds received in excess of amounts due
- v. Drawing on physical bid guarantee documents for bidders that fail to make payment to receive funds within three business days of the payment due date
- vi. Returning physical bid guarantee instruments through secure delivery

**b. Currency Exchange**

- i. Provide currency exchange services including alternatives for exchange of funds (U.S. dollars (USD) to Canadian dollars (CAD) and/or CAD to USD) through multiple transaction types.
- ii. Currency exchange services should be designed to meet the following goals:
  1. Reduce potential loss related to changes in exchange rates for each auction and over time
  2. Allow exchange based on a known exchange rate to allow distribution to each jurisdiction in the appropriate currency that shares any losses or gains
- iii. Currency exchange services should include the following:
  1. Receiving and completing currency exchange requests based on, at minimum, 1) a specific currency exchange direction, amount, and time frame without a known exchange rate (spot transaction), and 2) a specific currency exchange direction, amount, and a known exchange rate available for a set time frame(s)
  2. Recording all amounts deducted and received in appropriate jurisdiction accounts
  3. Confirming exchange rate currency and amount sold, exchange rate achieved, currency and amount purchased, and date and time of transaction, and value date for delivery of funds.
  4. The Contractor(s) must provide a currency exchange plan describing how exchange rate quotes will be provided and accepted, as well as any basis of exchange rate quotes. For example, will exchange rate quotes be received for various ranges in amounts (i.e., up to \$1M, \$1M to \$2.5M, \$2.5M to \$5M, \$5M to \$10M, and >\$10M), will exchange rate quotes include any transaction fee, and will the basis of an exchange rate quote be the Contractor(s) purchase price plus a set margin or a set

margin based on the amount.

**c. Distribution of Proceeds**

- i. Accepting direction to distribute proceeds
- ii. Distributing proceeds to Participating Jurisdictions and consigning entities

**d. Reconciliation/Reporting**

- i. Reporting of pre-auction financial services account information, including bid guarantee type and amount data for auction applicants to Participating Jurisdictions
- ii. Reporting of the post-auction financial services account information including entity payments received, bid guarantees returned, and all currency exchange requests completed to Participating Jurisdictions
- iii. Reconciling and reporting all funds received, all currency exchange requests completed, and all bid guarantees returned

**e. Process and Procedure Updates**

- i. In the event any processes and procedures developed in Task 2 are not meeting the agreed-upon objectives, the processes and procedures will be modified accordingly.

Financial Services support processes and materials must be provided by the Contractor, including:

- a. Developing systems including databases and/or reports (or provide and adapt any existing systems the Contractor(s) already owns) required to support the approved processes and procedures, escrow services, and reporting requirements.
- b. Develop communications, outreach, and training materials that complement or integrate into outreach and training materials developed and provided by the Contractor conducting auction services and the Participating Jurisdictions. The materials anticipated to be needed include the following:
  - i. Guidance on establishing financial services accounts (consistent with the Contractor(s)'s proposed structure for accounts and specific to entity and individual account holders).
  - ii. Guidance on submitting bid guarantees and providing return instructions.
  - iii. Guidance on submitting payment.
  - iv. Template emails used in the course of providing all services, including support services.
  - v. Guidance and form(s) used to request information from General Market Participants that may be required by applicable banking regulations.
  - vi. Guidance and form(s) used to request a change in bid guarantee return instructions.
  - vii. Guidance and form(s) used to request or confirm consigning entity wiring instructions used for distribution of proceeds.

- viii. Guidance and form(s) used to provide a consigning entity statement of proceeds distribution.
- c. Providing support to auction and reserve sale potential applicants, applicants, and qualified bidders and consigning entities and responding to questions submitted by phone or email specific to financial services.
  - ix. Providing consistent contacts, phone and email, for the Financial Services Contractor(s) to support questions from entities during standard business hours within all Participating Jurisdictions in the Contractor's country of service.
  - x. Providing contact information including phone and email contact to support questions in English and in French.<sup>1</sup>
  - xi. Creating documents to collect information (e.g., form to collect information required from General Market Participant, Individual) and outreach material to explain example physical bid guarantee requirements (e.g., example letter of credit, bond, surety bond).
  - xii. The primary documents used for outreach include the Auction Notice and Attachments available on jurisdiction webpages. The Contractor(s) will assist in developing language included in these documents specific to Financial Services and review and comment on jurisdiction changes to these documents.
  - xiii. Auction and reserve sale participants are encouraged to confirm receipt of bid guarantee and financial settlement payment. As a result, phone and email inquiries can be expected to equal up to one hundred percent of the number of applicants for each event.
- d. If requested by WCI, Inc., cooperating with the Participating Jurisdictions and Auction Administrator to participate in a practice joint auction(s) for CA and QC or CA, QC and ON participants and/or practice jurisdiction-specific reserve sale to demonstrate and exercise the procedures and capabilities for Financial Services.
- e. Providing support services in English and French.<sup>1</sup>
- f. Providing all participant materials in English and French<sup>1</sup> to WCI, Inc., the Participating Jurisdictions, and Auction Administrator.
- g. Reviewing public notices and training materials developed by WCI, Inc., the Participating Jurisdictions, and Auction Administrator as needed. Current auction and reserve sale notices, including the "Detailed Requirements and Instructions" and the "Auction Examples" as well as auction and reserve sale training presentations are available from Jurisdiction web pages.  
For California entities, auction and reserve sale notices can be found at: <http://www.arb.ca.gov/cc/capandtrade/auction/auction.htm>.  
For Québec entities, auction and reserve sale notices can be found at:

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<sup>1</sup> An offeror applying for the U.S. Escrow services would not be required to provide both English and French services. An offeror applying for the Canadian Escrow services must provide the services in both French and English. A Contractor applying for both services (U.S. and Canadian), must also be able to provide services in English and French.

<http://www.mddelcc.gouv.qc.ca/changements/carbone/Ventes-encheres.htm>.

- h. In the event any processes and procedures developed in this task cannot meet the agreed-upon objectives, including KYC, once the processes and procedures are put into operation in subsequent tasks, the processes and procedures will be modified accordingly.

As described previously, there are specific auction and reserve sale specialized reports required. Descriptions of required reports by category are provided below:

- a. Financial Services reports are required to transmit entity financial services account and bid guarantee data to the Participating Jurisdictions and the Auction Administrator, including, but not limited to, entity name, financial services account number, and form(s) and amounts of bid guarantees submitted.
- b. Pre-auction and reserve sale reports are required to provide Financial Services information for auction and reserve sale applicants to Participating Jurisdictions, including, but not limited to, the entity name, financial services account number, and form(s) and amounts of bid guarantees submitted.
- c. Post-auction reconciliation reports are required to provide financial settlement information for auction and reserve sale applicants and qualified bidders, including, but not limited to: 1) entity account information including total amount due, funds received, and bid guarantees returned; and 2) jurisdiction account information including total funds received from entity accounts, total amount of currency sold and purchased in completed currency exchanges, and proceeds distribution. The purpose of post-auction reconciliation reports is to document reconciliation of all funds received, bid guarantees returned, currency exchange completed, and proceeds distributed.
- d. Consignment reports are required to track information for consigning entities in each auction. Additionally, reports are required to transmit entity financial services account and bid guarantee data to the Participating Jurisdictions and the Auction Administrator.

Reports may be developed to be specialized by topic and phase of an event (pre or post) or may be developed to include several topics or phases of an event with data populated as data becomes available. Final report titles and formats will be developed through discussions with WCI, Inc., Participating Jurisdictions, and the Contractor(s).

General data categories reported based on the topics and phases of an event are outlined below:

#### **Pre-Auction and Reserve Sale**

- Summary Data
- Entity Data
- Entity Application Data
- Entity Financial Services Account Data
- Entity Consignment Data

### **Post-Auction and Reserve Sale**

- Summary Data
- Entity Data
- Entity Application Data
- Entity Financial Services Account Data
- Summary Financial Settlement Data
- Entity Financial Settlement Data

### **Interim and Final Reconciliation**

- Summary Data
- Entity Data
- Entity Application Data
- Entity Financial Services Account Data
- Summary Financial Settlement Data
- Entity Financial Settlement Data
- Currency Exchange Data (Joint Auctions Only)
- Proceeds Distribution Data (Proceeds Data)
- Entity Consignment Data

Specific data may depend on the escrow services. For a U.S. escrow services, data specific to CAD currency will not be needed.

On the other hand, Canadian escrow services will need to be able to report with both USD and CAD data.

Additionally, specific data may differ for an auction or reserve sale. As an example, an auction will report a settlement price, while for a reserve sale a tier or category price will be reported. A description of the specific data reported in each data category listed above is provided below:

#### **Summary Data**

- Report Date
- Report Name
- Auction Name (Reserve Sale Name)
- Date Report Generated

#### **Entity Data**

- CITSS Entity ID Number
- Entity Legal Name
- Entity Operating Name

#### **Entity Application Data**

- Expected Bid Guarantee Type(s) (Cash, Letter of Credit (LOC), Letter of Guarantee (LOG), Bond, Surety Bond)
- Currency

- Bid Guarantee Return Instructions
  - Return Mailing Address
  - Return Wire Instruction

#### **Entity Financial Services Account Data**

- Financial Services Account Number
- Form(s) of Bid Guarantee Submitted
- Bid Guarantee Submittal Data
  - Cash Bid Guarantee Amount
  - Physical Bid Guarantee Type(s) (LOC, LOG, Bond, Surety Bond)
  - Physical Bid Guarantee Amount(s)
  - Bid Guarantee Amount Total
  - Bid Guarantee Deposit Date(s)
  - Bid Guarantee Amount Total Update Date
  - Physical Bid Guarantee Expiration Date

#### **Summary Financial Settlement Data**

- Total USD Cash Available in Joint Auction Settlement Account
- Total CAD Cash Available in Joint Auction Settlement Account
- Total Cash Transferred to Jurisdiction Accounts (CAD)
- Total Cash Transferred to Jurisdiction Accounts (USD)

#### **Entity Financial Settlement Data**

- For Auctions
  - Current Auction Successful Bid Quantity
  - Future Auction Successful Bid Quantity
  - Settlement Price (Current)
  - Settlement Price (Advance)
- For reserve sales:
  - Successful Bid Quantity (Tier 1/Category A)
  - Successful Bid Quantity (Tier 2/Category B)
  - Successful Bid Quantity (Tier 3/Category C)
  - Tier/Category Price (Tier 1/Category A)
  - Tier/Category Price (Tier 2/Category B)
  - Tier/Category Price (Tier 3/Category C)
- Total Successful Bid Cost (distinguished by currency for joint auctions)
- Amount Owed by FSA
- Amount Owed by Participant
- Cash Payment Received (distinguished by currency for joint auctions)
- Cash Payment Received Date
- Physical Bid Guarantee Draw Date
- Total Payment Received
- Cash Returned to Bidder
- Cash Return Date
- Bid Guarantee Return Email Notification Date

- Physical Bid Guarantee Return Date
- Cash Transferred to Jurisdiction Accounts (CAD)
- Cash Transferred to Jurisdiction Accounts (USD)
- Cash Transferred to Jurisdiction Accounts Date

**Currency Exchange Data (Joint Auctions Only)**

- FSA Exchange Rate (Multiple)
- Currency Amount Sold
- Currency Sold (CAD or USD)
- Currency Amount Purchased
- Currency Amount Purchased (CAD or USD)
- Exchange Transaction Date
- Exchange Transaction Time
- Cash Transferred from Jurisdiction Accounts (CAD)
- Cash Transferred from Jurisdiction Accounts (USD)
- Cash Transferred from Jurisdiction Accounts Date
- Cash Transferred to Jurisdiction Accounts (CAD)
- Cash Transferred to Jurisdiction Accounts (USD)
- Cash Transferred to Jurisdiction Accounts Date

**Proceeds Distribution Data (Proceeds Data)**

- Total Allowances Sold ARB (Current)
- Total Allowances Sold ARB (Advance)
- Total Allowances Sold QC (Current)
- Total Allowances Sold QC (Advance)
- Total Allowances Sold ON (Current)
- Total Allowances Sold ON (Advance)
- Settlement Price (Current)
- Settlement Price (Advance)
- Auction Exchange Rate
- Total CAD Paid to Québec
- Total CAD Paid to Ontario
- Total USD Paid to ARB
- Total USD Paid to Consigning Entities
- Currency Proceeds Paid (CAD or USD)
- Total Allowances Sold (Current)
- Total Allowances Sold (Advance)
- Total Auction Proceeds Paid to Consigning Entities
- Total CAD Paid to Québec
- Total CAD Paid to Ontario
- Total USD Paid to ARB
- Total USD Paid to Consigning Entities

**Entity Consignment Data (Currently U.S.-based services only)**

- Consigning Entity CITSS ID
- Consigning Entity Legal Name
- Consigning Entity Operating Name
- Allowances Consigned
- Consigned Allowances Sold
- Settlement Price (Current)
- Consignment Payment Email Notification Date
- Total USD Paid
- Consigning Entity Instructions for Proceeds Payment (Wire Instructions)
- Consignment Payment Date

The Contractor(s) must ensure financial and transaction services work with other cap-and-trade services (e.g., Auction Administrator) and develop a procedure to ensure confidentiality of data and that data security meets all of the Participating Jurisdictions' data security requirements. Sharing of data may require the use of specific software and encryption requirements. As an example, access to CITSS data requires software that can open encrypted files based on AES-256 encryption.

Finally, the Contractor(s) will coordinate with WCI, Inc. and Participating Jurisdictions to manage the project and ensure all deliverables are met in a timely manner.

The Contractor(s) shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

### **Draft Process and Procedures**

- Pre-auction
- Post-auction
- Consigning Entity
- Financial services support processes
- Financial services training and outreach materials (materials are expected to be minimal and will be designed to complement or be integrated into materials provided by the Contractor providing Auction Services and the jurisdictions, total pages of materials to be developed are anticipated to be no more than 10 total pages)<sup>2</sup>

### **Final Process and Procedures**

- Pre-auction
- Post-auction
- Consigning Entity
- Financial services support processes and training and outreach materials

Revised Processes/Procedures Documents, if necessary

Draft System Configuration/Specialized Reports

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<sup>2</sup> A Contractor for Canadian-based financial services (or a provider for both U.S. and Canadian escrow services) must provide training materials in both English and French.



Final System Configuration/Specialized Reports  
Participation in Practice Auction(s)

**Task 3: Pre-Auction/Reserve Sale Escrow Services**

The application process currently begins in the Compliance Instrument Tracking System Service (CITSS) with services provided by another contractor. The Contractor(s) will have access to data from CITSS required to conduct financial services. Auction Services in CITSS are currently being updated, so final file formats are not known. Files in general are provided either as an XML or Excel file. Additional data on corporate structure can be provided by the staff of the Participating Jurisdictions if required for the account establishment process.<sup>3</sup> Entity data available<sup>4</sup> will consist of the following:

- A. Entity information such as Entity Legal Name, Entity Operating Name, Entity Type, CITSS Account Number, physical and mailing addresses, and jurisdiction of registration.
- B. Representative information including the first and last name, phone number, and email address of account representatives.

The Potential Applicant information is provided to inform the Contractor(s) of entity data and the account representatives for potential applicants and consigning entities.

The Contractor(s) will additionally have access to Applicant information. Applicant information provides information on applicants, i.e., entities that have submitted an auction or reserve sale application through the Auction Administrator. The Applicant information<sup>5</sup> will consist of the following:

- A. Introductory fields, including Report Date, Event Name, and Event Date.
- B. Applicant information such as Entity Legal Name, Entity Operating Name, Entity Type, CITSS Account Number, physical and mailing addresses, and jurisdiction of incorporation.
- C. Representative information including the first and last name, phone number, and email address of Participant User submitting the application on behalf of the entity.
- D. Application information including bid guarantee type(s), currency, and

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<sup>3</sup> Additional registration data including data specific to corporate structure is reported to jurisdictions in hardcopy form and may be made available to the Contractor(s) as needed for procedures to establish accounts. The data collected is outlined on the [Corporate Associations and Structure Form](#) available from Jurisdiction web pages. The primary data made available includes: Name and Addresses of Your Entity's Directors and Officers, Names and Address of Persons with Voting Rights, and Parent and Subsidiary Companies.

<sup>4</sup> Detailed information on the present XML file available through CITSS is available in RFP No. 2015-01, Auction and Reserve Sale Administrator Services, available on the WCI, Inc. web page at <http://www.wci-inc.org>.

<sup>5</sup> Detailed information on the Applicant information available from the auction and reserve sale application process is available in RFP No. 2015-01, Auction and Reserve Sale Administrator Services, available on the WCI, Inc. web page at <http://www.wci-inc.org>.

amount(s); bid guarantee return instructions; application status; application submission date and time; and application approval/rejection date.

The account structure proposed for the escrow services must be in full compliance with all applicable regulations based on the services under contract: Canadian-based financial services, U.S.-based financial services, or both.

Separate management of funds will be required for joint auctions, jurisdiction-specific auctions and reserve sales as these events can overlap. The Contractor(s) will work with the Participating Jurisdictions to ensure systems and processes can support the acceptable mechanisms for payment guarantees allowed by the Participating Jurisdictions' regulations and that all required terms and conditions for bid guarantees and payments are met. This work shall include:

- a) Set up and management of financial services accounts
  - The Contractor(s) will work in coordination with WCI, Inc., the Participating Jurisdictions, and the Auction Administrator to conduct the process to establish accounts for participants to complete Financial Services. The Contractor(s) will have access to download entity registration details from CITSS from the Potential Applicant information. Where needed, Participating Jurisdictions will provide the Contractor(s) with additional entity registration details not available in CITSS, including the name and address of each auction and reserve sale applicant's directors and officers, and a list of persons controlling over 10% of the voting rights attached to all the outstanding voting securities of the registering entity. The Contractor(s) may contact the auction and reserve sale applicants directly if questions arise in review of the entity's ownership and list of controlling persons in order to maintain compliance with U.S. and/or Canadian banking regulations. The jurisdiction of registration is to be informed of requests submitted directly to its entities.
  - For General Market Participant - Individual applicants, the Contractor(s) will obtain supplemental information directly from the applicant, as needed for procedures to establish accounts.
  - Account Set Up. The first time an entity submits an auction or reserve sale application, the Contractor(s) will complete the process to establish a financial services account on behalf of the auction or reserve sale applicant. If an entity participates in both auctions and reserve sales, subaccounts or separate accounts may be required.
  - Account Verification. When the entity submits an auction or reserve sale application for participation in subsequent auctions or reserve sales, the Contractor(s) will verify that there is a financial services account(s) associated with the entity based on the CITSS ID and Entity Legal Name.
  - Account Management. Financial services accounts must be structured to allow updates in case of a change in an entity profile in CITSS (e.g., a change in the Entity Legal Name).

- Accounts must be established with the ability to separately manage multiple concurrent events as activities for up to two auctions and one reserve sale may be occurring concurrently for each jurisdiction and, at any given time, a total of five events may occur for all current Participating Jurisdictions.
- b) Receipt and management of bid guarantees
- c) Receipt and management of bid guarantee return instructions
  - Return instructions for excess funds or physical bid guarantee instruments should be available through reports available during and after the auction and reserve sale application process.
  - Entities may need to be provided with additional or amended instructions. Processes and procedures will need to ensure that entities are notified if bid guarantee return instructions are amended or revised for any reason.
  - Bid guarantee return instructions, including a Bank Routing Number (ABA Routing Number of Canadian Transit Number) and account number, must be securely transmitted. Contractor(s) must provide a secure means of receiving information from authorized entity representatives.
- d) Receipt and management of consigning entity proceeds distribution instructions
  - Consigning entities may provide instructions through CITSS for the receipt of proceeds or may need a secure manner in which to provide these directly to the Contractor(s). Systems and processes should be developed to address both potentials and allow for confirmation and updates as needed.
  - Consigning entity proceeds distribution instructions must be securely transmitted. Contractor(s) must provide a secure means of receiving information from consigning entities.
- e) Transmitting entity financial services account and bid guarantee amount data to the Auction Administrator
  - Auction applicant pre-auction financial services information including financial services account numbers and bid guarantee amount(s) and type(s) received must be reported to the Auction Administrator for population into Auction Services internet-based tools, and to Participating Jurisdictions.
  - Systems and procedures should support tracking and reporting updates on established accounts to the Auction Administrator and Participating Jurisdictions.
  - The Contractor(s) will work with the approved participants to have any unacceptable form of financial guarantee amended prior to the financial guarantee submission deadline. In the event that an unacceptable form cannot be amended by the submission deadline, the Contractor(s) will notify the Participating Jurisdictions as appropriate, and will return the guarantee directly to the party identified in the auction application for return of bid guarantees per the instructions of the appropriate Participating Jurisdiction.
- f) The number of potential Applicants for which pre-auction/reserve sale escrow

services are provided may be greater than the actual number of Qualified Bidders if any Applicants are not approved to participate in an auction or reserve sale event. As a result, Contractors are advised that the number of entities needing pre-auction or reserve sale escrow services under Task 3 may be greater than the number of entities needing post-auction or reserve sale escrow services under Task 4.

- g) Providing support to auction and reserve sale potential applicants, applicants, and qualified bidders and consigning entities and responding to questions submitted by phone or email as needed.

Financial guarantees submitted by entities are specific to the jurisdiction in which the entity is registered and must be in one or a combination of the forms allowed by the regulations of the Participating Jurisdictions.

For CA entities, a bid guarantee submitted for an auction or reserve sale must be in one or a combination of the following forms:

- Cash in the form of wire transfer;
- An irrevocable letter of credit (LOC) from a financial institution with an United States (U.S.) banking license;
- A bond issued by a financial institution with an U.S. banking license;
- A Surety Bond issued by an institution named in the current list of “Surety Companies Acceptable in Federal Bonds” as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department.

For QC entities, a bid guarantee submitted for an auction or reserve sale must be in one or a combination of the following forms:

- Cash in the form of a wire transfer;
- An irrevocable letter of credit (LOC) issued by a bank constituted under the Bank Act or by a financial services cooperative constituted under the Act respecting financial services cooperatives;
- A letter of guarantee (LOG) issued by a bank constituted under the Bank Act or by a financial services cooperative constituted under the Act respecting financial services cooperatives.

Forms of bid guarantee for ON entities are yet to be determined.

Based on the form(s) of bid guarantee selected, the applicant will also complete instructions for the return of any unused bid guarantee amounts or physical bid guarantee instruments after the auction is completed.

The Contractor for Canadian-based financial services<sup>6</sup> will restrict participation to Canadian dollars during a jurisdiction-specific reserve sale or auction for a Canadian

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<sup>6</sup> Or the Contractor for both U.S. and Canadian escrow services.

Province. For joint auctions, the Contractor for Canadian-based financial services will allow participation from entities registered under a Canadian provincial program in USD or CAD. Any Canadian-registered entity must select the currency for joint auction participation at the time the application for the auction is submitted and may not change this selection at any time. Upon receipt and review of bid guarantees, bid guarantees will be placed on account and, if applicable, held in the Contractor's vault with the value of the holdings reflected on the account. The Contractor for Canadian-based financial services (or the Contractor for both U.S. and Canadian escrow services) should accept and be able to review, assess, and draw upon any documents (e.g., LOC or LOG) submitted in French. A bid guarantee submitted in any form other than cash must be payable within three business days of payment request. All other required terms and conditions for physical bid guarantees are to be developed by the Contractor(s) in coordination with the Participating Jurisdictions. Specific deadlines apply to the receipt of all bid guarantees. The Contractor(s)'s systems and procedures must provide for identification of the date and time of receipt for all bid guarantees.

From the start of an auction or reserve sale application period and continuing until all properly received bid guarantees are reflected, the Contractor(s) will provide the Auction Administrator and Participating Jurisdictions with a daily electronic report of auction and reserve sale applicants, which includes the financial services account information. Upon receipt and deposit of the applicant's bid guarantee(s), a daily report(s) will be provided to the Auction Administrator and the Participating Jurisdictions to indicate the amount(s) and type(s) of bid guarantee(s) received and, for joint auctions, the currency of participation. For participants registered under a Canadian provincial program in a joint auction, the Contractor for Canadian-based financial services (or the U.S. and Canadian escrow services Contractor) will reconcile the currency in which the bid guarantee is submitted to the currency selected during the application process. The Contractor(s) will provide the final report of all applicants indicating established financial services accounts and all bid guarantees received no later than (2) business days after the applicable bid guarantee submission deadline.

The Contractor(s) shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

Draft Post Auction/Reserve Sale Reconciliation Report  
Final Post Auction/Reserve Sale Reconciliation Report

#### **Task 4: Post Auction/Reserve Sale Escrow Services**

After each quarterly auction and reserve sale, the Contractor(s) shall process payments from successful bidders, return excess funds or unused bid guarantee instruments, conduct currency exchange transactions as directed by the Participating Jurisdictions, distribute auction or reserve sale proceeds to the

Participating Jurisdictions and/or consigning entities, provide daily reconciliation status reports, and complete a full reconciliation of accounts.

After an auction or reserve sale is certified by the Participating Jurisdictions, generally within five business days after an event is conducted, the Contractor(s) will securely access a list of successful bidders (including the quantity and price of allowances purchased) by the Participating Jurisdictions, or the Auction Administrator. The Auction Administrator will be responsible for reporting to the Participating Jurisdictions the results of the auction or reserve sale (awards and prices) and, after the Participating Jurisdictions' approval, and after notification of results has been provided to participants, the Auction Administrator will make available awards and financial settlement instructions to the Contractor(s) through a financial settlement report. For auction events, bidders may have been successful in the Current Auction or Advance Auction or both, and financial settlement must allow for settlement of all amounts due in one transaction.

California entities participate in joint auctions, California only auctions and California reserve sales in USD. Québec only auction and reserve sale participants are required to settle all successful allowance bids in CAD. Ontario only auction and reserve sale participants are required to settle all successful allowance bids in CAD. Québec and Ontario participants in a joint auction will submit payment in the same currency as the bid guarantee provided for the auction.

Cash settlement from successful bidders is required to be completed within 7 calendar days after certification of the auction or reserve sale. For those entities that provided cash bid guarantees, the funds on deposit will be applied to any amounts owed. Entities that provided physical bid guarantees and are successful in an auction or reserve sale are required to submit cash payment by wire transfer within 7 days of certification of the auction or reserve sale. If cash is not received by the deadline date and time, the physical bid guarantee must be drawn down to settle any amounts owed.

Following certification of the auction or reserve sale, until final payment of proceeds, the Contractor(s) will provide a daily report to Participating Jurisdictions of the status of settlement of the auction or reserve sale. The report will include a complete list of approved applicants (qualified bidders) under the Contractor's responsibility (U.S. qualified bidders for a U.S. escrow services Contractor, Canadian qualified bidders for a Canadian escrow services Contractor, all of them for a U.S. and Canadian escrow services Contractor), the amount due from each qualified bidder, the total amount of the bid guarantee submitted, the funds received from each bidder to pay for the allowances purchased in the auction, the status of the return of excess funds or physical bid guarantee instrument(s), and the currency of the funds used for settlement. The sum of all payments received in CAD will reflect the sum of all total successful bid costs for CAD participants as provided in the financial settlement report from the Auction Administrator. The sum of all payments received in USD will reflect the sum of all total successful bid costs for USD participants as provided in

the financial settlement report provided from the Auction Administrator. If excess funds are received for payment, the Contractor(s) will return funds to the submitting entity and record all transactions in reports for purposes of reconciliation.

The Participating Jurisdictions will request one or more currency exchange(s) or quotes consistent with established currency exchange procedures to process any foreign exchange required to complete the distribution of proceeds from the auction.

Within three business days after the deadline for receipt of payment, and upon settlement of all currency exchange required, the Contractor(s) will provide an interim reconciliation report indicating payment has been received for all amounts due, all bid guarantees have been returned, and all currency exchange requests completed.

Upon settlement of all currency exchange required, and documentation of final funds available for distribution, the Participating Jurisdictions will provide direction to the Contractor(s) to disburse the proceeds of the auction to the Participating Jurisdictions. The direction will include the amount of USD to be distributed to CA and the amount of CAD to be distributed to QC and ON based on previously confirmed wire instructions. California will separately authorize the distribution of proceeds to consigning entities. After completing the distribution of proceeds, the Contractor(s) will provide the final reconciliation report to the Participating Jurisdictions by secure FTP. The Participating Jurisdictions will then close the auction or reserve sale.

The specific activities the Contractor(s) will undertake, at a minimum, include:

- a) Conduct financial settlement (including confirmation and statements), complete currency exchange, and process distribution of proceeds.
  - **Auctions**
    - After each auction is certified, the Contractor(s) will receive and process payments from auction participants.
    - Upon payment for amounts owed, the Contractor(s) will return any excess funds or physical bid guarantee instrument(s).
    - The Contractor(s) will provide electronic reconciliation reports to the Participating Jurisdictions by secure FTP from the business day after the auction is certified through the date of the interim final reconciliation report, which must be no later than six business days after the payment due date. The interim reconciliation reports will confirm all entity payments received, bid guarantees returned, currency exchange requests completed, and funds available for proceeds distribution. The Contractor(s) will provide a final reconciliation report additionally confirming all proceeds distributed showing complete financial settlement reconciliation of the event.
    - For jurisdiction-specific auctions, the Contractor(s) will provide

documents and reports to the appropriate jurisdiction only.

- Reporting of the post-auction financial services account information including entity payments received, bid guarantees returned, and all currency exchange requests completed to Participating Jurisdictions.
- Reconciling and reporting all funds received, all currency exchange requests completed, and all bid guarantees returned.

- **Reserve Sales**

- After each jurisdiction-specific reserve sale is certified, the Contractor(s) will receive and process payments from successful reserve sale participants.
- Upon payment for amounts owed, the Contractor(s) will return any excess funds or physical bid guarantee instrument(s).
- The Contractor(s) will provide electronic reconciliation reports to the Participating Jurisdictions by secure FTP from the business day after the auction is certified through the date of the interim final reconciliation report, which must be no later than three business days after the payment due date. The interim reconciliation reports will confirm all entity payments received, bid guarantees returned, currency exchange requests completed, and funds available for proceeds distribution. The Contractor(s) will provide a final reconciliation report additionally confirming all proceeds distributed showing complete financial settlement reconciliation of the event.

- **Processing Distribution of Proceeds**

- The Contractor(s) will be provided with instructions for the distribution of auction/reserve sale proceeds by the Jurisdiction(s) conducting the auction/reserve sale.
- Upon completion of all the required payments, the Contractor(s) must provide a final reconciliation report by secure FTP to Participating Jurisdiction(s) conducting the auction/reserve sale.

- **Financial Services Operation Report**

For each event supported by the Contractor(s), a Financial Services Operations Report will be submitted by secure FTP, including a narrative description and event-specific information. At minimum, the following items shall be included in the written summary for each event:

- A description of any issues encountered with Financial Services, date and time of occurrence, diagnosis of the cause of occurrence, actions taken for resolution, and date and time of resolution.
- Financial Services for Auctions and Reserve Sales Data, including:
  - Event applications processed
    - Number of total auction and reserve sale applicants
    - Number of new financial services accounts established



- Range and average number of days to establish new accounts
  - Number on prior financial services accounts verified
  - Number on prior financial services accounts requiring updated account assessment due to change in entity data
  - Any Financial Services Account Data adjustments made to any entity(ies) accounts (e.g., changes in Bid Cash Bid Guarantee Amount, Physical Bid Guarantee Amount, Bid Guarantee Amount Total) to reflect data entry errors, or other data adjustments
- Bid Guarantees returned
  - Cash
  - Physical bid guarantee instruments
    - Letter of Credit
    - Letter of Guarantee
    - Bond
    - Surety Bond
- Range and average number of days required for bid guarantee return from date of event certification
  - Cash
  - Physical bid guarantee instruments
- Total consigning entity payments completed
- Date and time of submittal of initial and final reconciliation report
- Providing support to auction and reserve sale potential applicants, applicants, and qualified bidders and consigning entities and responding to questions submitted by phone or email as needed.

The Contractor(s) shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

Draft Post Auction/Reserve Sale Reconciliation Report  
Final Post Auction/Reserve Sale Reconciliation Report  
Draft Report Detailing Return of Financial Guarantees  
Final Report Detailing Return of Financial Guarantees  
Draft Report Detailing Cash Payments/Distribution of Proceeds  
Final Report Detailing Cash Payments/Distribution of Proceeds  
Draft Financial Services Operation Report  
Final Financial Services Operation Report

### **Task 5: Consigning Entity Setup and Payments**

When the application period opens for a joint auction, California will provide the U.S. escrow services Contractor with a list of entities who have consigned allowances in the applicable auction. Québec and Ontario do not allow consigned allowances so

this task applies only to California.<sup>7</sup> The U.S. escrow services Contractor must have a process to request that consigning entities provide new or confirm existing wire instructions for delivery of payment of proceeds from the sale of allowances successfully sold in the given auction. The U.S. escrow services Contractor must provide a secure process for consigning entities to provide or update wiring instructions. No more than 70 consigning entities consign in any given auction, and typically there are between 40 and 50 consigning entities. Following the release of results for each auction, California will provide the U.S. escrow services Contractor with an auction proceeds report detailing the number of allowances sold and the proceeds payable to each consigning entity. The U.S. escrow services Contractor will generate a statement detailing this information and provide it via email to each of the consigning entities and California. Upon direction from California, the U.S. escrow services Contractor will pay the proceeds to each of the consigning entities as detailed in the auction proceeds report. Information on consigning entities is only ever provided to California and not to be shared with other Participating Jurisdictions or WCI, Inc.

The U.S. escrow services Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

Draft Guidance and Form to request consigning entity to provide new or confirm existing wire instructions  
Final Guidance and Form to request consigning entity to provide new or confirm existing wire instructions  
Draft Consigning Entity Statement  
Final Consigning Entity Statement

### **Task 6: System Security Report**

The purpose of this task is to provide Participating Jurisdictions with the confirmation that the Contractor(s) follows System Security best practices to protect the confidentiality and maintain the security of all data obtained, created, and managed as part of the Financial Services. The Contractor(s) shall prepare a System Security Report describing the security approach for all proposed services. At a minimum, the System Security Report shall indicate the industry standards and best practices for system security that are in place and commensurate with the sensitivity of the project-relevant data (i.e., financial institution and banking industry practices).

The Contractor shall describe their Security System and they shall indicate the standards and best practices that are in place. Subjects covered by the Security System Report shall include: Data Classification, Information Security Risk Assessments, Computer Networks and Data Security, Identity Management and

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<sup>7</sup> Note: If new jurisdictions join the WCI cap and trade program, or program changes occur, there may be consignment allowed in a Canadian jurisdiction. Therefore, the bidder wishing to provide Canadian escrow services should also be able to set up the process requested in Task 5.

Infrastructure, Electronic Auditing, Data Transfer and Encryption Protocols, Information Security Incidents Reporting, Disaster Recovery and Business Continuity Management Program. The Contractor shall provide any relevant certification(s) they possess.

Finally, the Contractor shall describe the processes they will put in place to ensure confidentiality of the information they gather from this project and make sure that only the staff working on the project will have access to project-related information.

The System Security Report must be submitted within sixty days of the effective date of this Agreement.

### **System Security Reference Material**

As a guide, the U.S. escrow services Contractor should refer to the following requirements and specifications listed in the documents below in the System Security Report:

- United States Uniform Electronic Transactions Act
- United States Freedom of Information and Protection of Privacy Act

To ensure that the System Security conforms to California's security requirements, the U.S. escrow services Contractor should also refer to the following sections of the State of California's State Administrative Manual (SAM Chapter 5300 - Information Security (Office of Information Security)) at: <http://sam.dgs.ca.gov/TOC/5300.aspx>.

- SAM Chapter 5305 Risk Management
- SAM Chapter 5320 Asset protection
- SAM Chapter 5330 Physical & Environmental Security
- SAM Chapter 5335.1 Information Integrity & Data Security
- SAM Chapter 5340 Access Control
- SAM Chapter 5350 Incident Management
- SAM Chapter 5355 Disaster Recovery Management

At a minimum, the Canadian escrow services Contractor should refer to the following requirements and specifications listed in the documents below in the System Security Report:

- Government of British Columbia Office of the Chief Information Office (OCIO) Information Management/Information Technology (IM/IT) Standards Manual
- Government of British Columbia Document Disposal Act
- Government of British Columbia Freedom of Information and Protection of Privacy Act

- Government of British Columbia Personal Information Protection Act
- Government of Ontario Management and Use of Information & Information Technology (I&IT) Directive Management. Management Board of Cabinet. February 28, 2014 (as it applies to management of I&IT assets)
- Corporate Policy on Protection of Personal Information. Ontario Minister of Government Services. July 25, 2011.
- An Act respecting the protection of personal information in the private sector, Government of Québec
- An Act respecting access to documents held by public bodies and the protection of personal information, Government of Québec
- An Act to establish a legal framework for information technology, Government of Québec

In addition, all potential Contractors should consider security requirements documented in the following standards:

- National Institute of Standards and Technology (NIST): <http://www.nist.gov/information-technology-portal.cfm> and Federal Information Processing Standards (FIPS): <http://www.nist.gov/itl/fips.cfm>
- North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) Standards: <http://www.nerc.com/pa/Stand/Pages/CIPStandards.aspx>
- International Organization for Standardization Technical Report (ISO TR) 13569:2005 financial services industry information security program standards: <https://www.iso.org/obp/ui/#iso:std:iso:tr:13569:ed-3:v1:en>
- Federal Deposit Insurance Corporation (FDIC) Memo Financial Institution Letter (FIL) FIL-131-97 Security Risks Associated with the Internet: <https://www.fdic.gov/news/news/financial/1997/fil97131.html>

The Contractor(s) shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

Draft System Security Report

Final System Security Report, following receipt of comments

## **Task 7: New Jurisdictions**

The purpose of this task is to add new jurisdictions during the performance of the Work if additional states or provinces join the current Participating Jurisdictions and require Financial Services support. It is the responsibility of the Contractor(s) to update the tools, materials, and procedures to accommodate the addition of new Participating Jurisdictions. All Financial Services should be designed such that new jurisdictions can be efficiently added in a cost-efficient manner, and without requiring extensive redesign or changes to existing services. If redesign or changes to existing services are required due to unique services needed by a New Participating Jurisdiction, these additional services will be discussed and budgeted for at that future time.

Under this task the Contractor(s) is to provide a description of activities to be conducted, including proposed design plans and anticipated dates for completing design and development activities. Contractors must specify all materials needed to address the addition of new jurisdictions, including additional support resources needed and potential costs estimated with the addition of one or more new jurisdictions.

If new Participating Jurisdictions are added to the Financial Services, the Contractor(s) shall update the design documentation and the Processes and Procedures Documents.

Contractors should assume that any new jurisdiction follows the same format and approach used for California, Québec, and Ontario. Also the Contractors can assume that any new U.S. jurisdiction will fall under the responsibility of the U.S. escrow services Contractor and any new Canadian jurisdiction will fall under the Canadian escrow services Contractor. In the case that an Offeror is applying for both U.S and Canadian escrow services, any new jurisdiction will fall under its responsibility. For bidding purposes, the Contractor should assume only one new jurisdiction is being added to Financial Services in the short term (first 2 years of contract). Any modifications required from this assumption at the time of adding a new jurisdiction(s) will be discussed with the Contractor(s) at that time.

The Contractor(s) shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined when a new jurisdiction is added.

Draft Plan to Add New Jurisdiction  
Final Plan to Add New Jurisdiction

## **Task 8: Transition Out**

The purpose of this task is to address the need for a smooth transition of services at the end of the period of performance of the contract. The Contractor(s) shall work with WCI, Inc. and another contractor(s) selected by WCI, Inc., if applicable, at the conclusion of the Contract to transition the services, including training and

knowledge transfer. The Contractor(s) shall provide materials and assistance to transition from the Contractor(s) to a new service provider(s). Task 8 shall be initiated upon the direction of WCI, Inc., but no later than four months prior to the end of the Contractor(s)'s contract term. Task 8 activities shall include:

1. Preparation of a Transition Plan that describes the activities and materials used to provide Financial Services, the methods used to put them in place, and the plan for transitioning the service to a new provider.
2. Conference call and webinar to present the Transition Plan to WCI, Inc. and the new service provider.
3. Hand-off transition assistance during the transfer of Financial Services to the new service provider.
4. Electronic, editable copies of all materials developed to provide Financial Services, including any process and procedure documentation, training materials, scripts, reference materials, related materials, and Support Procedures Manual. The electronic format for the materials shall be specified by WCI, Inc. to ensure compatibility with standard business software such as Microsoft Office. These materials shall be provided at a minimum of one month prior to the end of the Contractor(s)'s contract term.
5. Data from the Financial Services management and tracking system that enables the logs and summaries of the support services, including support staff assistance provided under the contract, to be accessed using standard business software such as Microsoft Office. These materials shall be provided at the end of the Contractor(s)'s contract term.

The Contractor(s) shall provide the following deliverables for this task. The schedule for completing the deliverables shall be determined during the planning of the transition.

Draft Transition Plan  
Final Transition Plan  
Copies of All Materials  
Data Necessary to Support the Transition

### **Task 9: Other Activities as Directed**

The purpose of this task is to address the potential need by WCI, Inc. during the course of this contract to provide additional support directly related to this Statement of Work. The Contractor(s) will undertake additional activities only when directed in writing by WCI, Inc. Upon receipt of any additional technical direction from WCI, Inc., the Contractor(s) will prepare a memorandum providing its approach to the requested work and an estimate of the level of effort and budget it will need to

execute the work. The Contractor(s) will not initiate any work until authorized by WCI, Inc. to do so.

The deliverables for this task will be determined when the work is specified.

## **APPENDIX B. PAYMENT PROVISIONS AND BUDGET DETAIL**

### **A. Invoicing and Payment**

1. For services satisfactorily rendered, and upon receipt and approval of the invoice, WCI, Inc. agrees to compensate the Contractor in accordance with the Contractor's Cost Proposal. The maximum payable will not exceed the value identified in the Agreement. Compensation refers to the consideration to be paid to Contractor for all of Contractor's services provided and costs incurred to fulfill its duties and obligations in connection with the Agreement. All payments made to contractor for services in the Statement of Work shall be inclusive of all fees, excluding option of currency exchange based on set fees. Financial Services must not include any fees paid to the Financial Services Administrator for services in the Statement of Work by the auction or reserve sale participants.

All tasks shall be payable in arrears for each month. Payment terms are NET 30.

2. Costs for travel will be incurred and charged for on a cost-reimbursable basis, at cost, and only if duly authorized in writing by the WCI, Inc. Project Manager. When traveling within the U.S., travel cost reimbursement must abide by U.S. Federal travel regulations and per diem rates published by the U.S. General Services Administration (<http://www.gsa.gov/portal/category/21287>). When traveling outside of the U.S., travel cost reimbursement must abide by the per diem rates used by the State Department ([http://aoprals.state.gov/web920/per\\_diem.asp](http://aoprals.state.gov/web920/per_diem.asp)).

Invoices shall include the Agreement Number and summary of services performed for the amount invoiced. Invoices shall be submitted monthly in arrears. Each item in the invoice must correspond to costs identified in by the Offeror in their final cost bid. Invoices shall be submitted to the following address:

**Western Climate Initiative, Inc.  
980 Ninth Street, Suite 1600  
Sacramento, CA 95814**

### **B. Budget Detail**

[Insert budget detail as needed for invoicing. Add necessary info here if contractor cost proposal is confidential.]



## **APPENDIX C. INDIVIDUAL CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT**

I certify that I and any member of my immediate family (parents, siblings, spouse, children, or domestic partner) are not a partner, director, manager, officer, key employee, or beneficial owner of more than 5% of the voting interests of any entity that is subject to any of the provisions of the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if I or any member of my immediate family becomes a partner, director, manager, officer, or key employee or acquire beneficial ownership of more than 5% of the voting interests of any entity that is subject to any of the provisions of the GHG reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to \_\_\_\_\_ who will disclose this information to WCI, Inc.

I certify that I and any member of my immediate family are not a partner, director, manager, officer or key employee of, or a beneficial owner of more than 5% of the voting interests of, any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if I or any member of my immediate family becomes a partner, director, manager, officer or key employee of, or a beneficial owner of more than 5% of the voting interests of, any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to \_\_\_\_\_ who will disclose this information to WCI, Inc.

I certify that I will not accept any gift, benefit, gratuity or consideration from anyone other than my employer, based on any understanding that it would influence my performance under this Agreement.

I certify that I will keep confidential and secure and will not copy, give, or otherwise disclose to any other person or entity who has not signed a copy of this Conflict of Interest and Confidentiality Statement, all appropriately marked or verbally deemed confidential information concerning the Project (as defined in the Work Schedule) and any other confidential or proprietary information which I learn or acquire in the course of performing duties under the Agreement, and I will follow any instructions provided by the WCI, Inc. Project Manager relating to the confidentiality of Project information. I understand that the information that must be kept confidential ("confidential information") includes, but is not limited to:

- A. All data, analyses, specifications, requirements, concepts and discussions received from WCI, Inc., any Participating Jurisdiction or any funding entity in the course of performing requirements under the Project.

- B. Any personally identifying information, proprietary process or sensitive, non-public market data.
- C. Any third-party confidential information included with, or incorporated in, information provided by WCI, Inc., any Participating Jurisdiction or any funding entity, or otherwise obtained in the course of performing requirements under the Project.
- D. Communications with staff of WCI, Inc., any Participating Jurisdiction or any funding entity related to any of the requirements under the Project, including oral discussions, telephone conversations, emails, attachments, letters and faxes.
- E. All notes, data, analyses, compilations or reports prepared by me that contain or are based upon confidential information.

I certify that I will not use confidential information, or any part thereof, in the performance of services or for the benefit of any person or entity, in any form, whether gratuitously or for valuable consideration, except as provided under the Project, without the prior written consent of WCI, Inc. I understand that \_\_\_\_\_ is authorized to disclose information pursuant to law or legal process.

I certify that if I leave this Project before it ends, or at the termination of the Project, I will return all confidential information and copies thereof in my possession or control to\_\_\_\_\_, and I will not disclose such information or otherwise make it available, in any form or manner, to any other person or entity. I certify that I have read and understand this Conflict of Interest and Confidentiality Statement, including the requirements set forth therein related to conflict of interest, confidentiality and limitations on the use of confidential information.

I certify that I understand that any unauthorized disclosure of confidential information will be handled in accordance with Section 26 of the Agreement.

Date: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Organization: \_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
Fax No.: \_\_\_\_\_  
Email Address: \_\_\_\_\_

Capitalized terms used but not defined in this Conflict of Interest and Confidentiality Statement shall have the meanings assigned to such terms in the Standard Agreement, dated \_\_\_\_\_, between Western Climate Initiative, Inc. and \_\_\_\_\_.

## **APPENDIX C1 ORGANIZATION CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT**

I certify that \_\_\_\_\_ is not a beneficial owner of more than 5% of the voting interests of any entity that is subject to any of the provisions of the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if \_\_\_\_\_ acquires beneficial ownership of more than 5% of the voting interests of any entity that is subject to any of the provisions of the GHG reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to WCI, Inc.

I certify that \_\_\_\_\_ is not a beneficial owner of more than 5% of the voting interests of any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if \_\_\_\_\_ acquires beneficial ownership of more than 5% of the voting interests of any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to WCI, Inc.

I certify that \_\_\_\_\_ will not accept any gift, benefit, gratuity or consideration from anyone, based on any understanding that it would influence \_\_\_\_\_'s performance under this Agreement.

I certify that \_\_\_\_\_ will keep confidential and secure and will not copy, give, or otherwise disclose to any other person or entity who has not signed a copy of this Conflict of Interest and Confidentiality Statement, all appropriately marked or verbally deemed confidential information concerning the Project any other confidential or proprietary information which \_\_\_\_\_ learns or acquires in the course of performing duties under the Agreement, and will follow any instructions provided by the WCI, Inc. Project Manager relating to the confidentiality of Project information. \_\_\_\_\_ understands that the information that must be kept confidential ("confidential information") includes, but is not limited to:

- A. All data, analyses, specifications, requirements, concepts and discussions received from WCI, Inc., any Participating Jurisdiction or any funding entity in the course of performing requirements under the Project.
- B. Any personally identifying information, proprietary process or sensitive, non-public market data.
- C. Any third-party confidential information included with, or incorporated in, information provided by WCI, Inc., any Participating Jurisdiction or any funding entity, or otherwise obtained in the course of performing requirements under the Project.

- D. Communications with staff of WCI, Inc., any Participating Jurisdiction or any funding entity related to any of the requirements under the Project, including oral discussions, telephone conversations, emails, attachments, letters and faxes.
- E. All notes, data, analyses, compilations or reports prepared by \_\_\_\_\_ that contain or are based upon confidential information.
- F. All other information identified in the Agreement as Confidential Information.

I certify that \_\_\_\_\_ will not use confidential information, or any part thereof, in the performance of services or for the benefit of any person or entity, in any form, whether gratuitously or for valuable consideration, except as provided under the Project, without the prior written consent of WCI, Inc. I understand that \_\_\_\_\_ is authorized to disclose information pursuant to law or legal process.

I certify that \_\_\_\_\_ understands that any unauthorized disclosure of confidential information will be handled in accordance with Section 26 of the Agreement.

Date: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Organization: \_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
Fax No.: \_\_\_\_\_  
Email Address: \_\_\_\_\_

Capitalized terms used but not defined in this Conflict of Interest and Confidentiality Statement shall have the meanings assigned to such terms in the Standard Agreement, dated \_\_\_\_\_, between Western Climate Initiative, Inc. and \_\_\_\_\_.

## **APPENDIX D. TERMS AND CONDITIONS**