

California-Québec Joint Auction Participant Training Presentation

Presented By:

California Air Resources Board (ARB)

and

Ministère du Développement durable, de l'Environnement et de
la Lutte contre les changements climatiques (MDDELCC)

October 2014

Auction Participant Training Agenda

❖ Section I: Overview

- Introduction
- Auction Summary
- General Auction Schedule
- Administrative Requirements
- Currency Management

❖ Section II: Auction Participation & Bidding

- Auction Participation Process
- Auction Bidding
- Bidding Limitations
- Auction Conduct
- Market Monitoring

❖ Section III: Auction Results & Financial Settlement

- Settlement Price and Bid Fulfillment Determination
- Auction Results
- Financial Settlement
- Question and Answer Session
- Contact Information

Auction Participant Training Agenda

❖ Section I: Overview

- Introduction
- Auction Summary
 - Eligibility
- General Auction Schedule
- Administrative Requirements
 - Compliance Instrument Tracking System Service (CITSS) Account
 - Select CITSS “Auction Participation” Box
 - Auction Platform Account
- Currency Management
 - Auction Exchange Rate
 - Auction Reserve Price

Introduction

- On January 1, 2014, the California Cap-and-Trade Program and Québec Cap-and-Trade System officially linked, enabling the mutual acceptance of compliance instruments (emission allowances and offset credits) issued by each jurisdiction to be used for compliance with each program.
- As a result of the linked jurisdiction programs, California (CA) and Québec (QC) will hold joint greenhouse gas (GHG) allowance auctions to allow market participants to acquire GHG allowances.

Auction Summary

- Auction Notices are posted 60 calendar days before each auction.
- The total number of GHG allowances that will be available for sale during each auction is provided in the Auction Notice posted prior to each auction.
- 2014 Annual Auction Reserve Price:
 - **California:** \$11.34 United States Dollars (USD) for both the Current Auction and Advance Auction; and
 - **Québec:** \$11.39 Canadian Dollars (CAD) for both the Current Auction and Advance Auction.
- The Auction Exchange Rate (USD to CAD) and the Auction Reserve Price (USD and CAD) for the joint auction will be displayed in the Auction Platform the business day prior to the auction.

Auction Summary: Eligibility

- **California entities (CA entities):** covered entities, opt-in covered entities, and voluntarily associated entities are eligible to participate.
- **Québec entities (QC entities):** emitters and participants are eligible to participate.

Note: In this presentation, the term “entity” refers to all entities and individuals registered under either the California Cap-and-Trade Program or Québec Cap-and-Trade System.

General Auction Schedule

Activities	Auction Time Period	Time - Pacific Time (PT) / Eastern Time (ET)
Auction Notice posted – Application period opens	60 days prior to auction	12:00 PM (Noon) PT / 3:00 PM ET
Deadline for making changes in CITSS and for submitting all hard copy documents accompanying these changes	No later than 40 days prior to auction	
Application period closes	30 days prior to auction	8:59 PM PT / 11:59 PM ET

General Auction Schedule

Activities	Auction Time Period	Time - Pacific Time (PT) / Eastern Time (ET)
All bid guarantees due to Financial Services Administrator	12 days prior to auction	No later than 2:00 PM PT / 5:00 PM ET
Auction participants approved and PAR and AARs notified	2 business days prior to auction	No later than 5:00 PM PT / 8:00 PM ET
Auction held	Date provided in Auction Notice	Bidding window 10:00 AM – 1:00 PM PT / 1:00 PM – 4:00 PM ET
Public notice of auction results released	5 business days after auction	12:00 PM (Noon) PT / 3:00 PM ET
Notification of the availability of auction results sent to qualified bidders	5 business days after auction	12:00 PM (Noon) PT / 3:00 PM ET

General Auction Schedule

Activities	Auction Time Period	Time - Pacific Time (PT) / Eastern Time (ET)
Financial settlement in cash due to Financial Services Administrator	7 days after notification of the availability of the financial settlement invoice	No later than 2:00 PM PT / 5:00 PM ET
Distribution of auction proceeds	Completed no later than 9 business days after financial settlement is due	
Transfer of allowances into CITSS Accounts	9 business days after financial settlement is due	12:00 PM (Noon) PT / 3:00 PM ET
Earliest date for bid guarantee expiration	26 days after auction	

Administrative Requirements: CITSS Account

Compliance Instrument Tracking System Service (CITSS)

- Before participating in an auction, an entity must have an approved CITSS account.
- The individuals that will be authorized to submit an application or confirm an intent to bid for an entity must be approved as either the Primary Account Representative (PAR) or an Alternate Account Representative (AAR).
- The entity must indicate an interest to participate in auctions by selecting the “Auction Participation” box on the Auction Tab in CITSS.

Administrative Requirements: Select CITSS “Auction Participation” Box

To be able to participate in an auction, all entities:

- Must indicate the entity’s intent to participate in an upcoming auction by selecting the “Auction Participation” box in CITSS.
 - If box is already selected, no further action in CITSS is needed.
- To select the “Auction Participation” box in CITSS, step-by-step instructions are provided in CITSS User Guides. Contact CITSS Help Desk for further questions. Contact information is provided at the end of this presentation.

Administrative Requirements: Auction Platform Account

- The Auction Platform allows entity representatives to apply, post bids, review results, and download reports for an auction.
- Representatives that intend to act on an entity's behalf to submit an application or submit bids must have an active Auction Platform account.
 - If the representative previously activated an Auction Platform account, the previously established username and password can be used for account access.
 - If the representative has not previously been designated as the PAR or an AAR for an entity that indicated interest in auction participation, the representative will receive an email inviting him or her to activate his or her Auction Platform account.

Administrative Requirements: Auction Platform “Account Activation”

- A first time representative will receive an “Account Activation for Auction Platform” email from auctionsupport@markit.com.
- The account activation email will contain an activation link for the representative to activate his or her Auction Platform account by establishing security questions and an account password.
 - The activation link can only be used once and expires within 24 hours.
- The username for an Auction Platform account is the email address as listed in CITSS (e.g., john.doe@email.com).

Administrative Requirements: Auction Platform Account – Representatives of Multiple Entities

- Consistent with CITSS, the Auction Platform allows an individual to represent multiple entities as a PAR or AAR.
- Auction Platform Example: The “Select an Account” pop up displays multiple entities for users that are associated with more than one entity.

The screenshot shows a dialog box titled "Select An Account". It contains instructions for users who are Primary or Alternate Account Representatives for multiple entities. The instructions state that the user should select a participant account for the current session by clicking a checkbox and OK. It also notes that to change the participant account, the user must log out and log back in. A contact email for Market Support is provided at the bottom: auctionsupport@market.com.

Select An Account

Please select an account.

You are a Primary or Alternate Account Representative for multiple entities.

Select the participant account you are representing during this session in the Auction and Reserve Sale Platform by clicking on the checkbox and clicking OK.

To change the Participant Account that you are representing, you must log out of the Auction and Reserve Sale Platform and log in again to select a different Participant Account.

If you need further assistance in selecting the correct Participant Account, please contact Market Support at auctionsupport@market.com.

Select Participant Account

- ☐ **EDU1**
EDU1 Oper - CA1004-1007
- ☐ **Entity02**
Entity02 Oper - CA1017-1033
- ☐ **General04**
General04 Oper - CA1025-1046

Cancel OK

Currency Management

- For a joint auction, both USD and CAD will be accepted, while all bid assessments and settlement price determinations, will be determined in USD.
- **CA entities** will submit bid guarantees, bids, and complete financial settlement in USD only.
- **QC entities** have the option of participating in the auction in either USD or CAD. The currency selected during the auction application or confirmation of intent to bid process will determine the currency of the bid guarantee and bids to be submitted, and completion of financial settlement.
 - No changes to the currency selection can be made once the application or confirmation of intent to bid is submitted.

Currency Management: Auction Exchange Rate

- To manage multiple currencies, an Auction Exchange Rate (FX Rate) is determined prior to each joint auction.
- The Auction Exchange Rate (USD to CAD) in effect the day of the joint auction and for financial settlement will be set the business day prior to the auction as the most recently available noon daily buying rate for U.S. and Canadian dollars as published by the Bank of Canada.
- In the Auction Platform, the Auction Exchange Rate is displayed as USD to CAD FX Rate.

Currency Management: CAD Bid Submission

- The value of all bids and bid guarantees submitted in CAD will be converted into USD in whole cents using the established Auction Exchange Rate to conduct the auction in a single currency, including the evaluation of bids on a common basis.
- The total cost of allowances awarded will be determined in USD and then converted to the CAD value using the Auction Exchange Rate so the entity can complete financial settlement in CAD.

Currency Management: Auction Reserve Price

- The Auction Reserve Price will be determined as the higher of the California or Québec Annual Auction Reserve Prices after applying the established Auction Exchange Rate.
- The Auction Reserve Price is the lowest price at which current and future vintage allowances offered in the auction will be sold.
- Bids submitted with a bid price below the Auction Reserve Price will not be accepted.
- The Auction Exchange Rate (USD to CAD) and the Auction Reserve Price (in USD and CAD) for the joint auction will be displayed in the Auction Platform the business day prior to the auction.

NOTE: The Annual Auction Reserve Prices for California and Québec are displayed as the “Announced Reserve Price” in the Auction Platform.

Currency Management: Auction Reserve Price (Example – Not for Actual Use)

Auction Exchange Rate	1.1000
California Annual Auction Reserve Price (USD)	11.34
California Annual Auction Reserve Price (CAD Value)	12.47
Québec Annual Auction Reserve Price (CAD)	11.39
Québec Annual Auction Reserve Price (USD Value)	10.35

- The bolded values in the table above indicate that in this example the California Annual Auction Reserve Price will be the Auction Reserve Price (\$11.34 USD and \$12.47 CAD).
- The Auction Exchange Rate of 1.1000 is for example purposes only and not representative of the actual anticipated exchange rate for any auction.

Currency Management: Auction Reserve Price

Auction Platform Example: Auction Reserve Price

The screenshot shows the homepage of the WCI, Inc. GHG Allowance Auction & Reserve Sale Platform. The header includes the WCI, Inc. logo and navigation links for Home, Resources, and Archive. A welcome message and a login form are prominently displayed. Below the main content area, there is a section for the next quarterly auction date, a countdown timer, and a table of reserve prices. To the right, there are auction highlights and notices.

Welcome, Already a User? | [LOGIN](#) | [SUPPORT](#)

[Home](#) [Resources](#) [Archive](#)

Welcome to the
GHG Allowance Auction &
Reserve Sale Platform

Platform User Login

Username

Password

[Forgot your password?](#)

☐ Remember Me [Login](#)

The next Quarterly Auction will be held on May 05, 2014

00:00:00
DAYS HOURS MINS

Announced Reserve Price	\$11.40 USD	\$11.15 CAD	
Auction Reserve Price	\$11.40 USD	\$12.63 CAD	1.1075 USD to CAD FX Rate
Auction Reserve Price Determination Explanation			

AUCTION HIGHLIGHTS

NOTICES [VIEW ALL](#)

- MAY 16, 2014 AUCTION NOTICE
MARCH 17, 2014
- MAY 16, 2014 AUCTION NOTICE
ATTACHMENT A
MARCH 17, 2014
- MAY 16, 2014 AUCTION NOTICE
ATTACHMENT B
MARCH 17, 2014

Auction Participant Training Agenda

❖ Section II: Auction Participation & Bidding

- Auction Participation Process
 - Steps 1 - 4
- Auction Bidding
- Bidding Limitations
 - Auction Reserve Price
 - Bid Guarantee
 - Purchase Limit
 - Holding Limit
- Auction Conduct
- Market Monitoring

Auction Participation Process

Steps 1 - 4

An entity will need to follow these general steps to participate in an auction:

- **Step 1:** Auction Application or Confirmation of Intent to Bid
- **Step 2:** Submit bid guarantee
- **Step 3:** Receive notice of entity's approval to participate
- **Step 4:** Participate in the auction

Auction Participation Process

Step 1: Auction Application

- If an entity was not previously approved to participate in an auction, a PAR or AAR must submit an auction application through the Auction Platform.
- If an entity was previously approved to participate in an auction, a PAR or AAR must confirm the entity's intent to bid through the Auction Platform.
- For simplicity, the Auction Platform uses the term “application” whether an initial auction application or a confirmation of an intent to bid is submitted.

Auction Participation Process

Step 1: Auction Application

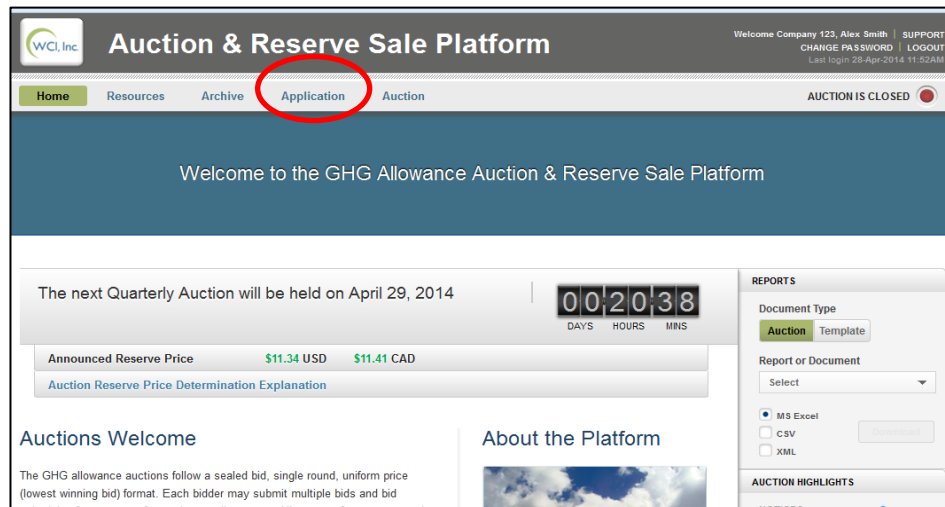
- To apply to participate in the auction or confirm an intent to bid, the PAR or an AAR must complete the following steps in the Auction Platform:
 - **Step 1a:** Confirm intent to bid in the auction
 - **Step 1b:** Verify entity and account representative information
 - **Step 1c:** Submit bid guarantee form, currency, and return instructions
 - **Step 1d:** Complete attestation and submit auction application
- An application must be submitted or intent to bid confirmed in the Auction Platform by the PAR or an AAR by no later than the date and time provided in the Auction Notice.

Auction Participation Process

Step 1: Auction Application

Auction Platform Example: Application Tab

- To access the Auction Application, the PAR or an AAR will need to log in to the Auction Platform and proceed to the Application Tab on the top banner.



Auction Participation Process

Step 1: Auction Application

Auction Platform Example: Application Pages

The screenshot displays the 'Auction & Reserve Sale Platform' interface. The top navigation bar includes links for Home, Resources, Archive, Application (highlighted), and Auction. A status indicator shows 'AUCTION IS CLOSED'. The main heading is 'Auction & Reserve Sale Application'. A progress bar shows five steps: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. The current step is 'PENDING SUBMISSION' for 'Joint Auction 3 April 2014'. A 'Welcome!' message is displayed with a 'Get Started' button. The main content area provides instructions on completing the application process, mentioning the CITSS and the 30-day deadline. The right sidebar contains an 'APPLICATION STATUS' section and an 'APPLICATION QUICK GUIDE'.

WCI, Inc. Auction & Reserve Sale Platform

Welcome Company 123, Francis Smith | SUPPORT
CHANGE PASSWORD | LOGOUT
Last login: 28-Apr-2014 10:44AM

Home Resources Archive **Application** Auction

AUCTION IS CLOSED

Auction & Reserve Sale Application

1 INTENT TO BID 2 ENTITY APPLICATION INFORMATION 3 AUTHORIZED USER DETAILS 4 BID GUARANTEE 5 ATTESTATION

APPLICATION STATUS

Joint Auction 3 April 2014

PENDING SUBMISSION

APPLICATION QUICK GUIDE

The application quick guide will help you every step of the way during your application process. Just check this module on the right side of each page to get a description, instruction, or notes for every step of the application process.

Welcome! [Get Started](#)

Let's help you complete the application process for the auction or reserve sale.

You will need to complete the auction and reserve sale application process. There are several steps in the application process that you are required to complete. As a convenience, where available, application information has been pre-populated from the CITSS in the Auction Platform for you to review and confirm.

The application process must be completed at least 30 days prior to the next quarter's auction or by the due date provided in the notice for each reserve sale. Upon completion of the application process, a notification email will be sent to your email address confirming receipt of your application. The status of the application will also be updated on the Application Status module on the right side of the next page.

Auction Participation Process

Step 1: Auction Application

Step 1a: Apply or Confirm Intent to Bid

- The representative will select the appropriate auction event from the drop down menu and select the “Confirm & Continue” button.

The screenshot shows a web interface for the Auction Application process. At the top, there is a progress bar with five steps: 1. INTENT TO BID (highlighted with a green square), 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. Below the progress bar, the main content area has the heading "Do you intend to bid?". Under this heading, it says "Our entity intends to bid in the upcoming auction or reserve sale:". There is a "Please note" section with text: "If you are eligible and would like to participate in an auction or reserve sale, please complete your application. Each auction and reserve sale requires independent submittal of an intent to bid." To the right of this text is a dropdown menu labeled "Select Auction" with a blue checkmark next to it. Below the dropdown menu, the text "Joint Auction 3 April 2014" is visible. At the bottom of the form, there are three buttons: "Back", "Cancel", and "Confirm & Continue".

Auction Participation Process

Step 1: Auction Application

Step 1b: Verify entity and account representative information

- Entity and account representative details will be pre-populated from CITSS account information. Confirm the accuracy of the data.
- Auction Platform Examples:

Verify your entity application information.

General Holding Account Number CA1033-1054	Entity Operating Name Company 123 Div A
Entity Legal Name Company 123	CITSS Entity Type Covered Entity, Covered Source, or Opt-in Entity
Organization Type	NAICS Code *
Jurisdiction Registered CA	Country Issued US
Mailing Address 200 Postal St Suite 100 Industry CA 60000 United States	Country United States

Back Cancel Confirm & Continue

Verify your account representative details.

Primary Account Representative

Name Alex Smith	Phone 9876543210
Email asmith@wci-inc.org	

Alternate Account Representative

Name Chris Smith	Phone 9876543210
Email csmith@wci-inc.org	

Back Cancel Confirm & Continue

Auction Participation Process

Step 1: Auction Application

Step 1b: Verify entity and account representative information

- If changes to auction application information such as entity or account representative details are needed, changes must first be completed in CITSS.
- Material changes (e.g. entity's legal name) will require review and approval by the jurisdiction Registrar.
- To ensure information is accurately reflected in the Auction Platform, changes in CITSS must be approved prior to submission of the auction application.
 - All changes must be approved and the application submitted by no later than the date and time listed in the Auction Schedule.

Auction Participation Process

Step 1: Auction Application

Step 1c: Submit bid guarantee form, currency, and return instructions – CA Entities

- CA Entities must submit bid guarantees in USD 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 a U.S. banking license.
 - A bond issued by a financial institution with a U.S. banking license.
 - A surety bond issued by an institution named in the U.S. Treasury Department list of “Surety Companies Acceptable in Federal Bonds.”

Auction Participation Process

Step 1: Auction Application

Step 1c: Submit bid guarantee form, currency, and return instructions

Auction Platform Example: Form of Bid Guarantee

1 INTENT TO BID 2 ENTITY APPLICATION INFORMATION 3 AUTHORIZED USER DETAILS 4 BID GUARANTEE 5 ATTESTATION

What are your bid guarantee instructions?

Please submit your bid guarantee in one or a combination of the following forms from a financial institution.

Which form do you plan to submit?

☐ Cash in the form of a wire transfer

☐ Irrevocable Letter of Credit

☐ Bond

Back Cancel Confirm & Continue

Auction Participation Process

Step 1: Auction Application

Step 1c: Submit bid guarantee form, currency, and return instructions

- Once the bid guarantee selection is made, forms for return instructions will be automatically generated in the Auction Platform.

Return Instructions for Cash

Beneficiary Account Name	Beneficiary Account Number
<input type="text"/>	<input type="text"/>
Beneficiary Bank Name	Beneficiary Bank's Routing Number
<input type="text"/>	<input type="text"/>

Additional Details MAX 250 CHARACTERS

Explanation

Return Instructions for Bond or Irrevocable Letter of Credit

☐ Same as mailing address

Entity Legal Name	Individual Name
<input type="text" value="Company 123"/>	<input type="text"/>
Street Address	Street Address 2
<input type="text"/>	<input type="text"/>
City	State
<input type="text"/>	<input type="text"/>
Country	Zip Code
<input type="text" value="Select Country"/>	<input type="text"/>
Phone	
<input type="text"/> - <input type="text"/> - <input type="text"/>	

Auction Participation Process

Step 1: Auction Application

Step 1d: Complete Attestation and Submit Application

- The final step of the application or confirmation of intent to bid process is to certify to the Attestation. This step is required for all auction participants.
 - Representatives of CA entities should refer to the California Regulation and the ARB Auction webpage for further information regarding the Attestation requirements.
 - For CA entities, if disclosures or updates to previously submitted information are required, a representative may download the Auction Attestation Disclosure Form that may be used to submit the required information from the ARB Auction webpage.
- After selecting an answer to the Attestation, the representative must agree to the Auction Terms of Use and Privacy Policy, and can then submit the application.

Auction Participation Process

Step 1: Auction Application

Step 1d: Complete Attestation and Submit Application

Auction Platform Example (CA Entity): Attestation & Submit Application

The screenshot displays a web interface for the 'Attestation' step of an auction application process. At the top, a horizontal progress bar with five numbered steps is shown: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. The fifth step, 'ATTESTATION', is highlighted with a green square. Below the progress bar, the main content area contains the question 'Do you attest that all information is correct?'. This is followed by a section titled 'The following attestation is required.' which includes two paragraphs of text explaining the requirements of Section 95912(d)(4)(E) and the implications of answering 'yes' or 'no'. Below the text, there are two buttons: 'Yes' and 'No'. The 'No' button is highlighted with a green background. Below these buttons is a checkbox labeled 'I have read and accept the Auction and Reserve Sale Terms of Use and Privacy Policy.' At the bottom of the form, there are three buttons: 'Back', 'Cancel', and 'Submit'.

1 INTENT TO BID 2 ENTITY APPLICATION INFORMATION 3 AUTHORIZED USER DETAILS 4 BID GUARANTEE 5 ATTESTATION

Do you attest that all information is correct?

The following attestation is required.

Section 95912(d)(4)(E) Attestation. Every entity must submit an attestation with the disclosures required by section 95912(d)(4)(E) before the deadline to apply to participate in the auction.

Answering "yes" to this attestation indicates that you understand the requirements of section 95912(d)(4)(E) and attest you will have submitted and/or updated the required attestation to ARB by the deadline to apply to participate in this auction.

Answering "no" to this attestation indicates that you understand the requirements of section 95912(d)(4)(E) and attest that you have no updates to the disclosures since the most recent auction application attestation was submitted.

Yes No

☐ I have read and accept the Auction and Reserve Sale Terms of Use and Privacy Policy.

Back Cancel Submit

Auction Participation Process

Step 1: Auction Application

Step 1d: Complete Attestation and Submit Application

- Confirm Submission

The screenshot displays a web application interface for the Auction Participation Process. At the top, a progress bar shows five steps: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. The current step, ATTESTATION, is highlighted. Below the progress bar, the text reads: "Do you attest that all information is correct?" followed by "The following attestation is required." and a paragraph of legal text. A modal dialog box titled "Confirm Application Submission" is open in the center, asking: "Are you sure you want to submit this application? You will not be able to modify your application after submission." with "Close" and "OK" buttons. To the right, the "APPLICATION STATUS" section shows "Joint Auction/Enchère liée" and "PENDING SUBMISSION". Below that is an "APPLICATION QUICK GUIDE" section with text explaining that attestation does not automatically disqualify an applicant. At the bottom of the main form area, there are "Cancel" and "Submit" buttons.

Auction Participation Process

Step 1: Auction Application

Step 1d: Complete Attestation and Submit Application

- Once the PAR or AAR has submitted the application, the Application Status bar on the right hand side of the Auction Page will display as “Submitted” with a green checkmark.
 - PAR and AAR(s) will receive an email confirming submittal of the entity’s application.

The screenshot displays the 'Application Submitted' confirmation page. At the top, a horizontal progress bar shows five steps: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. The fifth step, 'ATTESTATION', is highlighted with a green circle, indicating it is the current step. Below the progress bar, the main content area has the heading 'Application Submitted' and a 'Review Submission' button. A message states: 'Your application has been submitted. You will receive a notification email that will be sent to your email address confirming receipt of the application. Please note all completed auction or reserve sale applications or intents to bid must be received by the deadline provided in the Auction or Reserve Sale Notice. The status of the application will be updated in the application status module on the right side of the page. Upon approval you will be notified no later than one business day before the auction or reserve sale that you are approved to bid in the auction or reserve sale.'

On the right side, the 'APPLICATION STATUS' module shows 'Joint Auction 3 NEW April 2014' with a 'REVIEW' link. Below this, a green checkmark icon is next to the word 'SUBMITTED'.

Auction Participation Process

Step 2: Submit Bid Guarantee

- Entities submit a single bid guarantee that is first applied to the Current Auction. After the total cost for allowances awarded in the Current Auction is determined and deducted, any remaining bid guarantee will then be applied to bids in the Advance Auction, if the entity submits bids for both auctions.
 - **Step 2a:** Receive notice that a Financial Services Account has been established or verified
 - **Step 2b:** Download Financial Services Delivery Instructions
 - **Step 2c:** Submit bid guarantee to Financial Services Administrator
- The Financial Services Administrator will receive and maintain all bid guarantees submitted as financial security.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2a: Receive notice that a Financial Services Account has been established or verified

- Once an auction application or confirmation of intent to bid has been submitted, the Financial Services Administrator will complete the process to establish (first time participant) or confirm (previous participant) the entity's Financial Services Account.
 - A Financial Services Account is established and maintained by the Financial Services Administrator for the purpose of facilitating the bid guarantee and financial settlement processes.
 - An email from the auctionsupport@markit.com will be sent to entity representatives when a Financial Services Account has been established or verified, including directions to download the entity's Financial Services Delivery Instructions.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2b: Download Financial Services Delivery Instructions

- The Financial Services Delivery Instructions will include all the information needed to submit a bid guarantee, either cash or physical bid guarantee instrument, including the:
 - Financial Services Account Name;
 - Financial Services Account Number;
 - Wiring instructions for submitting cash by wire transfer; and
 - Mailing instructions for physical bid guarantee instruments.
- Additional details on submitting a bid guarantee are provided in the Auction Notice.

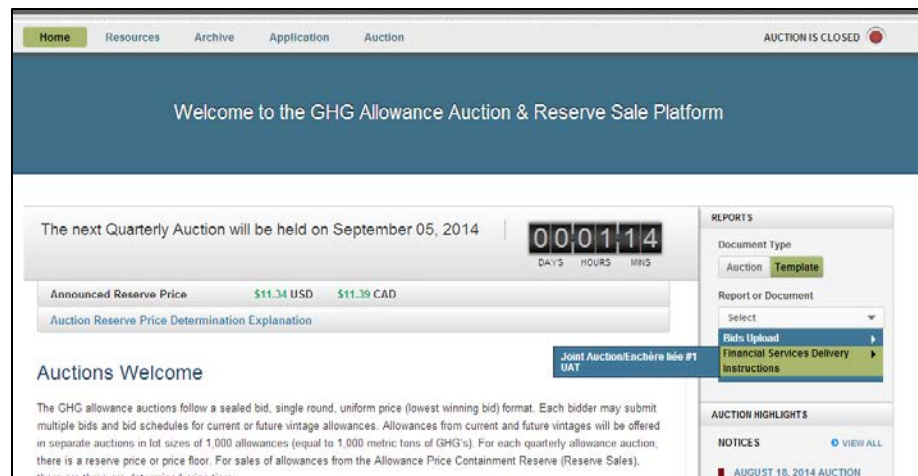
Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2b: Download Financial Services Delivery Instructions

- To download an entity's Financial Services Delivery Instructions, a PAR or AAR must log in to the Auction Platform, access the Reports Module - Templates, and select the appropriate event.

Auction Platform Example:



Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

- To submit a bid guarantee, an amount must be determined.
 - The amount of the bid guarantee provided to the Financial Services Administrator will be used to set bidding limitations in the auction.
 - The amount of the bid guarantee must be greater than or equal to the maximum value of the bids to be submitted.
 - For QC entities that select CAD as their currency during the auction application or confirmation of intent to bid process, the value of the bid guarantee and the maximum value of bids submitted during the auction will be evaluated in the USD equivalent of the CAD value submitted based on the Auction Exchange Rate.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

- Example: Determine Bid Guarantee Amount
 - An example process to determine the bid guarantee amount is provided below and in Attachment B of the Auction Notice.
 - Example: The recommended bid guarantee for Entity A is at least \$6,739,600 USD.

Entity Name	Bid Price (USD)	Bid Lots	Number of Bid Allowances	Cumulative Allowances	Total Costs ¹
Entity A	21.26	130	130,000	130,000	2,763,800
Entity A	17.29	190	190,000	320,000	5,532,800
Entity A	14.46	135	135,000	455,000	6,579,300
Entity A	11.62	125	125,000	580,000	6,739,600

- If the bid guarantee submitted has a value of \$10,000,000 USD, the Current Auction settlement price is \$11.62, and all allowances are awarded, then the bid guarantee remaining that would be applied to the Advance Auction would be: \$3,260,400 USD.

¹For simplicity, all currency amounts in this presentation other than Bid Price are shown in whole dollars.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

Submitting Cash Bid Guarantee

- Cash wire transfers must be received by the deadline date and time for receipt of bid guarantees as listed in the Auction Schedule provided in the Auction Notice.
- Instructions on how to submit a cash bid guarantee through wire transfer are provided in the entity's Financial Services Delivery Instructions.
 - The Financial Services Delivery Instructions are downloaded from the Auction Platform.
- Additional details are provided in Attachment A to the Auction Notice.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

Submitting Physical Bid Guarantee Instruments

- Physical bid guarantee instruments must be received by the Financial Services Administrator in final form by the deadline date and time for receipt of bid guarantees as listed in the Auction Schedule provided in the Auction Notice
- CA entities may submit the following forms of physical bid guarantee instruments:
 - An irrevocable letter of credit (LOC) from a financial institution with a U.S. banking license.
 - A bond issued by a financial institution with a U.S. banking license.
 - A surety bond issued by an institution named in the U.S. Treasury Department list of “Surety Companies Acceptable in Federal Bonds.”

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

Submitting Physical Bid Guarantee Instruments

- Required terms are provided in Attachment A to the Auction Notice.
- If submitting a physical bid guarantee instrument, entities are encouraged to submit a sample physical bid guarantee to the Financial Services Administrator for review.
- Entities that intend to submit a physical bid guarantee instrument are encouraged to remit it as soon as the PAR and AARs are notified that the entity's Financial Services Account has been established or verified by the Financial Services Administrator.
- Complete and proper addressing is critical to ensure receipt of all physical bid guarantee instruments by the deadline date and time.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

Bid Guarantee Revisions

- The Financial Services Administrator will review and communicate to the entity representatives any deficiencies with bid guarantees submitted.
- If a submitted bid guarantee needs to be revised:
 - The entity would be notified by the Financial Services Administrator.
 - The entity would contact their financial institution and request an amendment to their bid guarantee.
 - All amendments **MUST** be completed and received by the Financial Services Administrator in advance of the bid guarantee submittal deadline.
- If an entity finds they need to revise a submitted bid guarantee, they should contact the Financial Services Administrator.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

- Final bid guarantees must be received by the Financial Services Administrator in final form by the deadline date and time as listed in the Auction Notice.
 - An entity is responsible to ensure proper addressing of a physical bid guarantee and complete wiring instructions for a cash wire transfer.
 - Entities should confirm receipt of bid guarantees with the Financial Services Administrator.
 - Emailed, scanned, and PDF versions of a bid guarantee or a bid guarantee amendment will not be accepted.
 - If a final bid guarantee is not submitted by the deadline, the auction application will be rejected.

Auction Participation Process

Step 3: Receive Notice of Entity's Approval to Participate

- ARB and MDDELCC will approve or reject an auction applicants for auction participation. The PAR and all AARs for each entity will receive an email confirming approval or denial to participate in the auction.
- An email from auctionsupport@markit.com will be sent within two business days of the scheduled auction date indicating an entity's auction participation has been approved or denied.

Auction Participation Process

Step 4: Participate in the Auction

- The bidding window can be accessed by clicking on the Auction Tab on the top banner of the Auction Platform.
- Auction participants will be able to see whether the auction bidding window is open or closed on the right hand side of the top banner of the Auction Platform by either a green or red light.
 - A green light signifies the auction bidding window is open.
 - A red light signifies that the auction bidding window is closed.




Auction Bidding

- Bidders may submit bids manually or upload a bid schedule using the Bid Upload Template provided through the Auction Platform.
- For each bid the following information must be entered:
 - Bid Price in whole cents
 - Number of Bid Lots (1 lot = 1,000 GHG allowances)
 - Instrument Vintage (e.g. Current or 2017)
 - Currency
 - **CA entities:** bids must be entered in USD.
 - **QC entities:** bids must be entered in the same currency as selected during the auction application process (USD or CAD).

Auction Bidding


Auction Platform Example: Manual Bid Entry

- To manually submit a single bid, select the “Add Bid” button.
- Submitted bids can be manually revised or withdrawn during the 3-hour bidding window. After the bidding window closes, no further changes to bids are permissible.

Home Resources Archive Application **Auction** AUCTION IS OPEN 

Joint Auction 3 NEW April 2014 Details

Current				Future - 2017			
Reserve Price	Total Allowance	Total Allowance Bid	Total Bids	Reserve Price	Total Allowance	Total Allowance Bid	Total Bids
USD \$11.34 CAD \$12.15	4,356,388	--	--	USD \$11.34 CAD \$12.15	2,899,512	--	--

Bidding Closes In **01:34:28**  4 Hours | 2 Hours | 1 Hour

PT **10:25:33** ET **13:25:33**

Submitted Bids

Add Bid **Upload Bids**

Bid Number	User	Time	Client Bid ID	Transaction ID	Currency	Bid Price	Bid Lots	Vintage	Total Allowances	
1		10:25:31am			USD	<input type="text"/>	<input type="text"/>	Current	0	Cancel Submit

QUICK TIPS


Adding Bids

To add a single bid, select the Add Bid button and a new row will be created for your bid. In the new row, enter the bid data, select the Submit button to submit the bid and the

Auction Bidding

Auction Platform Example: Bid Schedule Upload

- In addition to manual bid entry, multiple bids may also be submitted in a bid schedule upload process.
- A bid schedule is uploaded using a pre-formatted spreadsheet available in the Reports Module – Templates of the Auction Platform.
- For each auction, a unique pre-formatted spreadsheet is available for download from the Auction Platform upon the opening of the auction application period.

	A	B	C	D	E
1		Auction and Reserve Sale Platform			
2		Auction Bid Upload Template			
3					
4	Currency:	Select the currency in which you would like to bid from the drop down.			
5	Bid Price:	Enter the price in whole dollars and whole cents.			
6	Bid Lots:	Enter the number of lots. Each lot is 1,000 allowances.			
7	Bid Allowances:	Total Bid Allowances is calculated as Bid Lots multiplied by 1,000.			
8	Instrument Vintage:	Select the allowance vintage from the drop down.			
9					
10	Currency	Bid Price	Bid Lots	Bid Allowances	Instrument Vintage
11				0	
12				0	
13				0	
14				0	

Auction Bidding

Auction Platform Example: Bid Schedule Upload Process

- The Upload Bids function is completed in 3 steps:
 - Step 1:** Select Document – Browse and Select Excel spreadsheet with bids
 - Step 2:** Process Spreadsheet – Upload Bids from the spreadsheet for submittal
Note: This step is automatically completed by the Auction Platform.
 - Step 3:** Confirm and Submit Bids – **Step 3a)** Confirm the spreadsheet and **Step 3b)** Submit the bids uploaded from the selected spreadsheet

Step 1: Browse & Select (Step 2 completes automatically)

Step 3a: Confirm

Step 3b: Submit

Auction Bidding

Auction Platform Example: “Bid Schedule Upload Confirmed”

- The Auction Platform will confirm a successful or failed bid schedule upload.
- Multiple Bid Upload Templates will be accepted by the Auction Platform, but each schedule must be uploaded one at a time.

The screenshot displays the 'Upload Bids' interface, which includes a progress bar with three steps: 1. SELECT DOCUMENT, 2. PROCESS SPREAD SHEET, and 3. SUBMIT BIDS.

Upload Bids (Front Window):


- Step 1: SELECT DOCUMENT** is active. It shows a 'Select Document' section with a file upload area containing 'Upload Bids Template - Z55_AD UAT 10-11-2' and a 'Browse' button. Below this is a 'Download Excel Template' link with a note: 'After adding event date, save the template as an .xls or .xlsx file'.
- Step 2: PROCESS SPREAD SHEET** is labeled 'Completed'.
- Step 3: SUBMIT BIDS** is labeled 'Submit Bids' and shows a message: '25 bids were uploaded successfully.' It includes 'Cancel' and 'Submit Bids' buttons.

Upload Bids (Back Window):

- Step 3: SUBMIT BIDS** is active. It shows a 'Completed' status.
- Bid Upload Failed** message: 'Bid Upload failed due to one or more of the following rules being violated:'
- Rules Violated:**
 - File uploaded must be in correct file format (xls or .xlsx). Please download the latest bid upload template by clicking on Download Excel Template in step 1.
 - Currency must be in USD (uppercase).
 - The bid currency does not match the Bid Guarantee currency.
 - Bid Price must be a number greater than zero with no more than two decimal points.
 - Bid Lot must be a whole number greater than zero.
 - Instrument Vintage must match allowances offered for sale at auction.
 - The Bid Price must be equal to or greater than the Auction Reserve Price.
- Please take one of the following actions:**
 - Click "Cancel" to close the Upload Bids dialog box.
 - OR re-upload a different file by clicking on "Browse" (step 1).
- Buttons: 'Cancel' and 'Confirm'.

Auction Bidding






Auction Platform Example: Editing or Deleting Bids

- During the bidding window a bid may be deleted or edited.
 - To delete, click the  and then click “Yes” to confirm the bid removal.
 - To edit, click “Edit” and make required changes. Changes are confirmed by clicking “Submit,” similar to the process of initial entry of the bid.

Submitted Bids

Add Bid

Upload Bids

Bid Number	User	Time	Client Bid ID	Transaction ID	Currency	Bid Price	Bid Lots	Vintage	Allowances	Total	
6	Test_Primary	Test_Primary	1:41:37pm	B64A4	92267	USD	\$12.56	72	Current	72,000	Edit 
5	Test_Primary	Test_Primary	1:41:18pm	A64A4	92349	USD	\$11.34	99	Current	99,000	Edit 
4	Test_Primary	Test_Primary	1:40:58pm	964A4	92348	USD	\$33.19	6	Current	6,000	Edit 
3	Test_Primary	Test_Primary	1:40:39pm	864A4	92266	USD	\$14.99	15	Current	15,000	Edit 
2	Test_Primary	Test_Primary	1:40:06pm	764A4	92347	USD	\$17.00	6	Current	6,000	Edit 
1	Test_Primary	Test_Primary	1:39:41pm	664A4	92265	USD	\$12.54	12	Current	12,000	Edit 

QUICK TIPS

Adding Bids

To add a single bid, select the Add Bid button, then select the row, click the Add Bid button, and then click the Submit button.

Bid Removal

Are you sure you want to remove this bid?

No

Yes

Bids step

process of selecting the Excel file to upload, processing the spreadsheet, and submitting your bids.

Download Excel Template

Auction Bidding

Confirmation of Bid Submission

- Bidders can access a Bids Audit Report from the Auction Platform's Reports module to confirm bids submitted and edited.

Home Resources Archive Application Auction AUCTION IS CLOSED

Welcome to the GHG Allowance Auction & Reserve Sale Platform

Auctions Welcome

The GHG allowance auctions follow a sealed bid, single round, uniform price (lowest winning bid) format. Each bidder may submit multiple bids and bid schedules for current or future vintage allowances. Allowances from current and future vintages will be offered in separate auctions in lot sizes of 1,000 allowances (equal to 1,000 metric tons of GHG's). For each quarterly allowance auction, there is a reserve price or price floor. For sales of allowances from the Allowance Price Containment Reserve (Reserve Sales), there are three pre-determined price tiers.

About the Platform

Joint Auction 3 NEW April 2014
Joint Auction 4 April 2014

REPORTS

Document Type
Auction Template

Report or Document
Select
Organization Results
Bids Audit
Financial Statement
XML

Auction Bidding

Example Bids Audit Report

- The example Bids Audit Report on this slide is based on the manual entry of three auction bids by an entity's representatives and one bid edit.

	A	B	C	D	E	F	G	H	I	J	K	L
1	Date	1/7/2014										
2	Auction	Auction Name										
3												
4	Update Type	Update Time	Update By	Account Holding Number	Client Bid ID	Transaction ID	Bid Submission Time	Currency	Bid Price	Bid Lots	Vintage	Total Allowances
5	Created	13:14:21 PT	john@test@company.com	CAXXXX-XXXX	90A3	5118	13:14:21 PT	USD	11.34	150	2014	150,000
6	Created	15:14:33 PT	sally@test@company.com	CAXXXX-XXXX	70B2	5377	15:14:33 PT	USD	12.44	100	2014	100,000
7	Updated	15:18:44 PT	sally@test@company.com	CAXXXX-XXXX	70B2	5899	15:18:44 PT	USD	12.44	200	2017	200,000
8	Created	16:44:13 PT	fred@test@company.com	CAXXXX-XXXX	D132	5877	16:44:13 PT	USD	13.01	350	2017	350,000
9												

Bidding Limitations

- The Auction Reserve Price effective during the joint auction is determined the business day prior to the auction.
 - Bids submitted with a bid price below the Auction Reserve Price will not be accepted.
- Auction bids are rejected in lots of 1,000 allowances, if bids:
 - Exceed the entity's purchase limit;
 - Exceed the entity's holding limit; or
 - Exceeds the value of the bid guarantee at the settlement price.
 - An entity's bid guarantee limitation is assessed at all potential settlement prices.
- Rejected bid quantities are not considered in determining the settlement price for an auction.

Bidding Limitations: Purchase Limits

Example Purchase Limit: CA Entities

- To determine an entity's specific purchase limit for a Current Auction, multiply the entity category's purchase limit by the total amount of allowances available for sale at auction.

- Example Purchase Limit (Current Auction)**

- If the Total Number of Allowances for Sale = 3,900,000 allowances

CA Entity Category		Purchase Limit
Electrical Distribution Utility	40%	1,560,000
Covered Entity or Opt-In Covered Entity	20%	780,000
Voluntarily Associated Entity	4%	156,000

- The purchase limit for the Advance Auction is 25% for all entities.
- Example Purchase Limit (Advance Auction)**
 - If the Total Number of Allowances for Sale = 2,500,000 allowances, then the purchase limit for all entities = $2,500,000 * 0.25 = 625,000$ allowances.

Bidding Limitations: Holding Limits

- The holding limit is the maximum number of GHG allowances that may be held by an entity or jointly held by a group of entities with a direct corporate association.
- The holding limit does not apply to allowances held in the Limited Use Holding Account.
- There are separate holding limits applied to the Current and Advance Auctions.

Bidding Limitations: Holding Limits

Example Holding Limit

- To calculate an entity's holding limit, determine the following:

Holding Limit = $0.1 * \text{Base} + 0.025 * (\text{Annual Allowance Budget} - \text{Base})$

- “Base” equals 25 million metric tons of carbon dioxide equivalent (CO₂e)
- “Annual Allowance Budget” is the number of allowances issued for the current budget year
- For 2014, the annual allowance budget for California and Québec is 182,900,000 allowances
- Example Holding Limit
 - $0.1 * 25,000,000 + 0.025 * (182,900,000 - 25,000,000)$
 - 2014 Holding Limit = 6,447,500 allowances

Bidding Limitations: Holding Limit with Limited Exemption

- Covered entities may exclude a limited number of allowances from the current vintage holding limit calculation by placing them in their Compliance Account.
- The limited exemption is increased each year by the amount of emissions contained in the entity's verified emissions report and is decreased at the end of the year following the close of a compliance period, after the entity has completed its surrender obligation for the compliance period.
- Entities can hold more allowances in their Compliance Account than allowed under the limited exemption, but any allowances in excess of the limited exemption will count towards the entity's current vintage holding limit.

Bidding Limitations: Holding Limit Determination

Holding Limit Determination with Limited Exemption

- Holding Limit =
 $6,447,500 + [\text{Limited Exemption} - \text{allowances in the Compliance Account}]$
- For example, if an entity's limited exemption is equal to 4,000,000 metric tons and it holds 1,000,000 allowances in its Compliance Account and an additional 2,000,000 vintage 2014 allowances in its holding account; in this case, the maximum number of allowances the entity can purchase and stay within the holding limit is:
 $6,447,500 + 4,000,000 - 1,000,000 - 2,000,000 = 7,447,500$ allowances.
- If the entity in the example above instead had a Compliance Account balance of 4,500,000 allowances, the entity may purchase the following maximum number of allowances without exceeding the holding limit:
 $6,447,500 + 4,000,000 - 4,500,000 - 2,000,000 = 3,947,500$ allowances.

Bidding Limitations: Management of Purchase Limits and Holding Limits

- ARB and MDDELCC provide the Auction Administrator the total number of allowances that may be successfully bid without exceeding the purchase limit and holding limit for the Current Auction and Advance Auction for each auction participant.
- Data is transferred to the Auction Administrator the day prior to an auction based on balances in CITSS accounts at approximately at approximately 9:00 AM PT / 12:00 PM (Noon) ET the day prior to the auction.
- The holding limit cap transmitted to the Auction Administrator is used solely for the purpose of administration of the holding limit bid limitation in the auction and will reflect the account balances in CITSS the day before the auction.
- CITSS account holders are responsible to ensure that there will be no holding limit violation once allowances are transferred into CITSS accounts after financial settlement is complete.

Bidding Limitations

- In the following example, Entity D submitted two bids as provided below with a maximum value of \$28,963,200 USD.
 - Entity D submitted a bid guarantee of \$28,427,200 (USD).
 - Entity D has a purchase limit of 1,608,000 allowances.
 - Entity D has a holding limit of 6,447,000 allowances.

Entity D	Bid Price	Bid Lots	Bid Number of Allowances	Cumulative Allowances	Bid Value at Bid Price
Bid 1	\$20.19	900	900,000	900,000	\$18,171,000
Bid 2	\$17.24	780	780,000	1,680,000	\$28,963,200

- Entity D's second bid exceeds the bid guarantee limitation and the purchase limit limitation.
- Entity's D's second bid is rejected in lots of 1,000 allowances to 708 lots to meet both the bid guarantee and purchase limit bidding limitations.

Auction Conduct

- Pursuant to Section 95914(c) of the California Regulation and in Article 51 of Québec's Regulation, any CA or QC registered entity shall not release any confidential information related to its auction participation, including:
 - Intent to participate, or not participate, at auction, auction approval status, maintenance of continued auction approval;
 - Bidding strategy;
 - Bid price or bid quantity information;
 - Information on the bid guarantee provided to the Financial Services Administrator.

Auction Conduct

- The California and Québec Regulations require that any entity participating in an auction that has retained the services of a consultant or advisor regarding auction bidding strategy must ensure against the consultant or advisor transferring information to other auction participants or coordinating the bidding strategy among participants.
- The entity will inform the consultant or advisor of the prohibition of sharing information to other auction participants and ensure the consultant or advisor has read and acknowledged the prohibition under penalty of perjury.
- All auction applicants are required to inform their respective jurisdictions of the retention of an auction advisor or consultant, as specified in Attachment A to the Auction Notice.
- For an entity registered under the California Cap-and-Trade Program, the consultant or advisor must provide ARB with information as specified in the Regulation and described in the Auction Notice at least fifteen (15) days prior to an auction.

Market Monitoring

- ARB staff, MDDELCC staff, and the Market Monitor actively monitor the GHG allowance auctions, and provide ongoing monitoring of GHG allowance holdings and market activity.
- The Market Monitor reviews bidding activity and works with ARB and MDDELCC to identify any bidding or trends of concern that may indicate manipulative or anti-competitive bidding behavior.
- Any fraudulent, manipulative, collusive, or noncompetitive behavior may be investigated and prosecuted in accordance with all applicable laws and regulations.
- ARB and MDDELCC staff provide final auction monitoring results to the Executive Officer and the Environment Minister.

Auction Participant Training Agenda

❖ Section III: Auction Results & Financial Settlement

- Settlement Price & Bid Fulfillment Determination
- Auction Results
- Financial Settlement
- Question & Answer Session
- Contact Information

Settlement Price & Bid Fulfillment Determination

- The settlement price determination process requires that the Auction Administrator:
 - Rank qualified bids from all bidders from the highest qualified bid price to the lowest qualified bid price using the USD value of the bids.
 - Allowances will be awarded to bidders, beginning with the highest qualified bid price and moving to successively lower qualified bid prices, until the entire supply of allowances is exhausted or all qualified bids have been filled.
 - Bid evaluation and settlement price determination for the Current Auction and Advance Auction are conducted separately, in consecutive order.
 - If total qualified allowances bid exceeds total allowances offered at the settlement price, a tiebreaker process is used.

Settlement Price & Bid Fulfillment Determination

Tiebreaker Process

- The tiebreaker process is used during the settlement price determination if the quantity of allowances bid for at a specific price exceeds the remaining allowances available for sale.
- Each entity's share is determined based on the share of total allowances that can be awarded to an entity at the settlement price.
- Number of allowances awarded is determined as share multiplied by allowances remaining available to be sold (rounded down to nearest whole allowance).
 - If there are allowances remaining as a result of rounding down, those allowances are awarded to entities by assigning a random number and distributing from the lowest to highest number.
- Further descriptions of the tiebreaker process are provided in Attachment B to the Auction Notice.

Auction Results

- The Summary Results Report for an auction will be posted on the ARB and MDDELCC websites.
 - The date the posting is anticipated is in the Auction Notice.
 - The posting is anticipated to occur at 12:00 PM (Noon) PT.
 - In the event of a delay, a message will be posted on the jurisdictions' websites providing the new time for the release of the auction results.
- The Summary Results Report provides general results and statistics of the auction.
- The Summary Results Report will be available in English and French.

Auction Results: Auction Results Report

- Only qualified bid statistics will be provided
- Auction results will include the following:
 - Number of allowances available at auction
 - Number of allowances sold at auction
 - List of qualified bidders
 - Ratio of total quantity of qualified allowances bid to total allowances available for sale
 - Percent of allowances won by compliance entities (this category includes opt-in entities)
 - Auction Settlement Price
 - Auction Reserve Price
 - Herfindahl-Hirschman Index (HHI)
 - Bid Price Summary Statistics

Auction Results: Post Joint Auction Public Proceeds Report

- In addition to the Auction Summary Results Report, California will issue a Post Joint Auction Public Proceeds Report which will provide the following details:
 - the applicable exchange rate;
 - an explanation regarding final California auction proceeds; and,
 - the final amount of proceeds transferred to California.
- Refer to the Auction Schedule provided in the Auction Notice for the expected date that the Post Joint Auction Public Proceeds Report will be available.

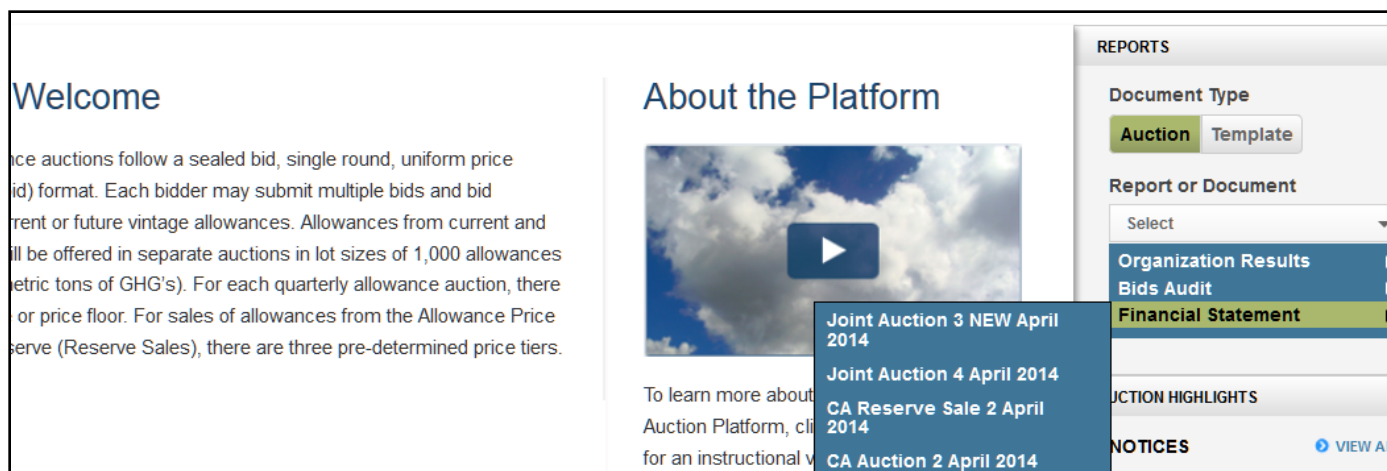
Auction Results: Notification of Entity Results

- Auction participants will receive an email from auctionsupport@markit.com to notify them that the entity's results are available for the auction.
- The email notifying the representatives that results are available will include notification to download the entity's Organization Results Report from the Auction Platform.
 - Additionally, a Financial Statement is available for download in the Auction Platform which is the entity's financial settlement invoice.
- Receipt of the email informing the entity of the availability of the Organization Results Report constitutes delivery of the financial settlement invoice.

Financial Settlement

Auction Platform Example: Organization Results Report & Financial Statement

- Successful bidders download their Organization Results Report and Financial Statement from the Auction Platform's Reports module.



Financial Settlement: Organization Results Report

The Organization Results Report for an entity includes:

- Auction Information
 - Settlement Price (Current and Advance)
 - Number of Successful Bids and Successful Bid Allowances (Current and Advance)
 - Total Bid Cost (Current, Advance, and Combined Total Cost)
- Account Information
 - Entity Information
 - Bid Guarantee Submitted by Type (cash, LOC, or bond)
 - Amount Due to Financial Services Administrator (if any)
 - Amount Due By Date (if an amount is due)
- Wiring Instructions for Submitting Payment
- Bid Information

Financial Settlement

- Successful bidders must download their Organization Results Report or Financial Statement to determine any amounts owed.
- For those entities that submitted cash bid guarantees, the Financial Services Administrator will use the cash submitted to settle for any amounts owed.
- Successful bidders that submitted a physical bid guarantee must submit cash by wire transfer as financial settlement for the amount owed, no later than 7 days after certification of an auction.
 - Deadline listed in the Auction Schedule provided in the Auction Notice.
- No bank/cashiers checks will be accepted.
- The Financial Services Administrator will draw down physical bid guarantees to cover any amounts due but not received by the deadline provided in the Auction Notice.

Financial Settlement: Bid Guarantee Return

- All bid guarantees for unsuccessful auction applicants or bidders, regardless of type, will be returned approximately 3 business days after the auction is certified.
- For successful bidders that submitted a cash bid guarantee, any unused cash bid guarantee will be returned no later than 15 business days after an auction is certified.
- For successful bidders that submitted a physical bid guarantee instrument, the physical bid guarantee instrument will be returned after payment for the amount owed is received by the Financial Services Administrator, expected to be no later than 15 business days after an auction is certified.

Question & Answer Session



Questions?

We will respond to any questions you may have at this time. Please submit your questions in writing using the webinar software.

Contact Information: Auction and Financial Administration Services

- **Auction Administrator:** Markit North America, Inc.
 - Email support: auctionsupport@markit.com
 - Call (877) 762-7548 from 8:00 AM to 6:00 PM PT
- **Financial Services Administrator:** Deutsche Bank National Trust Company
 - Email support: db.wcisupport@db.com
 - Call:
 - (212) 250-6645 from 8:00 AM to 5:00 PM ET, or
 - (714) 247-6054 from 8:00 AM to 5:00 PM PT

Contact Information

- **CITSS Registration and Account:**
 - Please contact CITSS Help Desk:
 - Email: help@wci-citss.org
 - Call toll-free: 1-866-682-7561
- **CA and QC Cap-and-Trade Programs:**
 - **California** registered entities:
 - Please contact the Air Resources Board at: (916) 322-7072
 - <http://www.arb.ca.gov/auction>
 - **Québec** registered entities:
 - Please contact the MDDELCC at 1-800-561-1616 option 5
 - <http://www.mddelcc.gouv.qc.ca/changements/carbone/documentation-en.htm>