

Financial Services for Auctions and Reserve Sales

Request for Expression of Interest REI#: 2025-01

REI RELEASE:
DECEMBER 12, 2025

Interested parties are encouraged to visit the [WCI, Inc. website](#) for more information about our services, and to subscribe to the electronic mailing list.



Solicitation Schedule

Events	Date	Time (Eastern)
Request for Expression of Interest (REI) Released	December 12, 2025	N/A
Deadline to Submit Written Questions	January 21, 2026	8:00 p.m.
Responses to Questions Issued	February 6, 2026	N/A
Final Date to Submit an Expression of Interest (EOI)	February 20, 2026	8:00 p.m.
Proposers' Technical Presentations	March 2 to March 20, 2026	N/A
WCI, Inc. EOI Review	March-April, 2026	
Request for Proposal (RFP) Released	Spring 2026	
Contract Negotiations and Award	Fall 2026	N/A
Estimated Contract Start Date	Winter 2027	N/A

*WCI, Inc. reserves the right to modify or cancel this solicitation in whole or in part, including any dates and times, at its sole discretion. Any clarifications or changes to the solicitation will be issued before the due date, and a notice will be posted on WCI, Inc.'s website.

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1. About Western Climate Initiative, Inc.

Western Climate Initiative, Inc. (“WCI, Inc.”) is a non-profit corporation formed in 2011 to provide administrative and technical services supporting the implementation of our Participating Jurisdictions’ greenhouse gas (“GHG”) emissions trading programs.

Aiming to fight climate change in the most cost-effective manner, our Participating Jurisdictions have established the largest carbon market in the Americas and are continuing to develop and implement their separately managed economy-wide emissions trading programs. Together, the emissions trading programs in force in our Participating Jurisdictions cover a population of more than 57 million people, representing about 5.1 trillion USD / 7.0 trillion CAD in gross domestic product (GDP) and impose a cap of 372 Mt CO₂ eq. on covered GHG emissions in 2025.

WCI, Inc. is fully funded and directed by the jurisdictions using its services. WCI, Inc. Board of Directors currently includes officials from the States of California and Washington, as well as the Canadian province of Québec (each a “Participating Jurisdiction” and, collectively, the “Participating Jurisdictions”). Furthermore, since the fall of 2024, WCI, Inc. has worked with New York State to support the planning for platforms that could support a future cap-and-invest program. As of today, WCI, Inc.’s services have supported 85 Auctions, which have generated approximately \$72.1 billion USD / 94.6 billion CAD of Auction proceeds for its Participating Jurisdictions and consigning entities. As of September 30, 2025, approximately 1,175 entities were registered in our centralized market registry.

WCI, Inc. aims to be recognized as the **premier service provider for emissions trading programs in the Americas**, facilitating jurisdictional collaboration to enable greater reductions in greenhouse gas emissions. Because each Participating Jurisdiction has its own regulations and administrative requirements, the secure, reliable, and robust services provided by WCI, Inc. must be flexible and expandable to support the evolving needs of its Participating Jurisdictions and the onboarding of new jurisdictions that join in the future.

The emissions trading services administered by WCI, Inc. include:

- A single market registry for all Participating Jurisdictions.
- An Auction and Reserve Sale Platform that allows each Participating Jurisdiction to auction GHG emission allowances under their respective emissions trading programs.
- The Financial Services Administration, the focus of this REI, requires the recording of bid guarantees and financial settlement of accounts (i.e., transferring the payments from the allowance purchasers to the sellers) for Auction and Reserve Sale; and
- The performance of analyses by an independent market monitor to support market oversight performed by each Participating Jurisdiction.

To learn more about WCI, Inc.’s recent activities, please refer to the [WCI, Inc. 2024 Annual Report](#). Additional details on Auctions are available on [WCI, Inc. Auctions Page](#) and on each Participating Jurisdiction’s websites: [California](#), [Québec](#), and [Washington](#).

2. Purpose of this REI

WCI, Inc. is seeking an experienced and qualified contractor to develop and provide financial services administration (“Financial Services”), including all tasks detailed in **Attachment A: Statement of Work** of this REI that are required to support the Participating Jurisdictions Auctions and Reserve Sales (referred to as an “Auction” or “Auctions”), which include:

- **Multi-jurisdiction Joint Allowances Auctions (“Joint Auctions”)**, such as the California-Québec Joint Auctions, which are currently held quarterly.
- **Jurisdiction-Specific Allowances Auctions (“Jurisdiction Specific Auctions”)**, such as Washington State’s Auctions, which are currently held quarterly.
- **Potential Jurisdiction-Specific Reserve Sales**, such as California’s Reserve Sales, Québec’s Sales by Mutual Agreement (SBMA), Washington State’s Allowance Price Containment Reserve (APCR) Sales, which are held on an *ad hoc* basis only when prerequisite conditions are met.

All Financial Services should be designed to easily add new jurisdictions or linkages without costly redesigns or changes to existing services.

The purpose of this REI is to establish a list of qualified contractors who can provide the required Financial services. The ongoing REI should allow WCI, Inc. to assess and review the technical solutions presented by each proposer, including the necessary customization of their traditional services to meet the specific technical and administrative requirements of the required Financial Services. Proposers are invited to indicate their interest in providing the required Financial Services by providing an Expression of Interest (EOI) in response to this REI.

Proposers have three (3) options when submitting an EOI in response to this REI:

1. Submit an EOI to provide Financial Services in both the United States and Canada, for any or all Participating Jurisdiction(s).
2. Partner with another entity where one entity provides Financial Services in the United States and the other entity provides Financial Services in Canada, for any or all Participating Jurisdiction(s).
3. Submit an EOI to provide Financial Services only in the United States or Canada, for any or all Participating Jurisdiction(s). However, if this occurs and the Proposer is ultimately awarded the contract under the later anticipated release of a Request for Proposals (RFP) for the United States or Canadian Financial Services, the Proposer must be able to coordinate services and cooperate with the other Proposer(s) awarded a contract for the Financial Services of the other country or Participating Jurisdiction(s).

The Financial Services require recording bid guarantees on behalf of each Auction participant (“Participant”), completing transactions for allowances purchased at any Auction, including currency exchange, and paying proceeds to Participating Jurisdictions and Consigning Entities. As such, Contractor must provide these services in a manner that exposes Participants, Participating Jurisdictions, and Consigning Entities to the lowest risk possible.

RFP # 2020-02 Financial Services for Auctions and Reserve Sales

If your organization is interested in and able to provide such Financial Services, WCI, Inc. encourages your organization to submit an Expression of Interest (EOI) in response to this REI. After reviewing the submitted EOIs, WCI, Inc. will invite selected Proposers to provide a technical presentation and confer with WCI, Inc. to assess the Proposers' experience and approach to providing the required Financial Services.

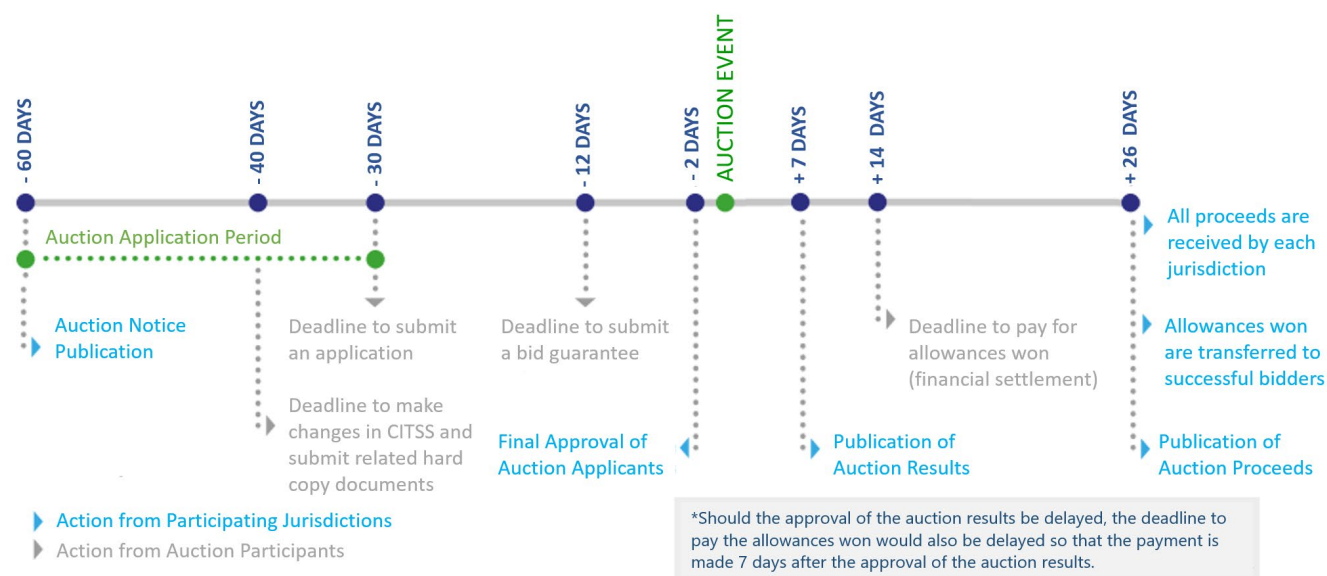
After reviewing further the submitted EOIs and information received from Proposers during their technical presentations, WCI, Inc. plans to release details regarding the Request for Proposals (RFP) schedule and evaluation process during the spring of 2026. WCI, Inc. intends to evaluate all Final Responses to the RFP and complete contract negotiations with the Contractor(s) by fall 2026.

The contract's targeted start is early 2027.

3. Services to be Provided

WCI, Inc. expects the Contractor to provide Financial Services that are separated into the "tasks" detailed in **Attachment A: Statement of Work** to perform all the "actions" illustrated in **Figure 1**. Where applicable, Proposers should identify whether the Proposer, an affiliated entity, or a subcontractor will perform the particular task or action. Additionally, during the contract, WCI, Inc. may request that the Contractor provide additional services directly related to the Financial Services. The Contractor will undertake additional activities only when directed in writing by WCI, Inc., and both parties agree in writing to such expansion. Upon receipt of any additional technical direction from WCI, Inc., the Contractor shall provide a written description of its approach for the requested work and an estimate of the level of effort and budget it will need to provide the requested services.

Figure 1. Typical Auction Timeline and Actions from the Financial Services Administrator (FSA)



Action from the Financial Services Administrator (FSA) (FSA)

1. Daily downloads of the Events Application Report from the Market Registry.

2. Establishes/verifies FSA accounts for applicants to record bid guarantees.

3. Receives cash bid guarantees & reviews document bid guarantees to ensure they meet the requirements.

4. Daily reports of cash and holding files for validation and reporting of bid guarantee status for all event applicants

5. Uploads cash & holding data into the Market Registry.

6. Obtain and/or verify wiring instructions for consigning entities (as applicable).

7. Receives bid guarantees and records in FSA accounts on behalf of entities.

Note: There is no action from the FSA during the Auction Day.

8. Downloads Financial Settlement Report and begins financial settlement process (including providing information for currency exchange to Participating Jurisdictions).

9. Transfers funds from Financial Services accounts established for each entity to Participating Jurisdictions Settlement Accounts.

10. Returns excess cash bid guarantee amounts & unused document bid guarantees.

11. Daily provides financial settlement reconciliation report to Participating Jurisdictions.

12. As directed by Participating Jurisdictions, completes currency exchange and transfers proceeds* to Participating Jurisdictions and Consigning Entities (In CAD for Québec (or any other Canadian province), and in USD for California and Washington (or any other State in the USA).

*At this point, the FSA only has cash (in USD and CAD) and all LOC/LOG/bond have been returned or used, unless an entity fails to pay in cash. An additional three (3) business days may be required if FSA is required to draw on a LOC/LOG/bond.

13. Submits interim Financial Reconciliation Report to Participating Jurisdictions (indicating all funds received, bid guarantees returned, and currency exchange completed).

14. Submits Final Financial Reconciliation Report to Participating Jurisdictions, indicating all funds received, bid guarantees returned, currency exchange completed, and proceeds paid.

Disclaimer: Figure 1 provides a sample Auction timeline for purposes of this REI, however, the actual timeline/process may differ.

4. Minimum Qualifications

To be eligible to submit a response to this REI, Proposers must:

- have an official presence (meaning a document location) in countries where they will perform the Financial Services (in the United States, Canada, or in both countries);
- be able to provide all required Financial Services in accordance with all applicable national and local laws and regulations of WCI, Inc. and the Participating Jurisdictions;
- if providing Financial Services in the United States, be a federally chartered bank regulated by the Office of the Comptroller of the Currency (OCC);
- if providing Financial Services in Canada, be a financial institution regulated by the Canadian Office of the Superintendent of Financial Institutions (“OSFI”) or by the *Autorité des marchés financiers* (AMF);
- if providing Financial Services in Québec, be able to provide all required Financial Services in French and English. Proposer may satisfy this language requirement by engaging a subcontractor, but this must be disclosed in the Proposer’s response to this REI.

5. Response Requirements & Submission

5.1. Initial Responses

In response to this REI, Proposers shall submit an Expression of Interest (EOI) that must include all required elements described below. After reviewing the submitted EOI, WCI, Inc. will invite selected Proposers to provide a presentation and confer with WCI, Inc. to assess the Proposers’ experience and their technical approach to providing the required Financial Services. If selected to provide a presentation and confer with WCI, Inc. regarding their proposal, a Proposer will have the opportunity to review and revise its Initial Response to this REI before they provide a formal response to a later Request for Proposals (RFP), anticipated to be released, with further details, during spring 2026, with the aim to award the Financial Services contract(s) in early 2027.

5.2. General Requirements for a Proposer’s Response

Responses to this REI must contain the information outlined below. The proposal must be submitted in a clear, organized manner that facilitates evaluation. It is the responsibility of the Proposer to read and follow all proposal requirements within this REI carefully. Compliance with the REI’s instructions is mandatory for a Response to be considered for award. Failure to comply with the REI’s instructions may cause a proposal to be deemed non-compliant or non-responsive, and thus ineligible for award.

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

- The Response must be submitted in English.
- The Response must be provided electronically to WCI, Inc. as a single Portable Document Format (“PDF”) file to: rfp@wci-inc.org by the deadline set forth in the REI Schedule. The format must be text-searchable and not a scanned or “image only” document. Responses received after the applicable deadline may be rejected or considered at WCI, Inc.’s discretion.

RFP # 2020-02 Financial Services for Auctions and Reserve Sales

- Responses should be on letter-sized pages within a minimum of 1-inch borders, 10pt Arial (or similar font), and single-line spacing.
- Responses must clearly state the Proposer's interest, ability, and commitment to complete the requested Financial Services described in this REI. The Response must be complete and accurate. Omissions, inaccuracies, or misstatements, or a failure to meet the requirements of the REI, may be a cause for rejection of the proposal.

The Response must contain all the components, information, and documents as outlined and described more fully below:

Response Requirements	
1.	Title Page
2.	Cover Letter
3.	Technical Proposal <ul style="list-style-type: none"> A. Corporate Experience of Proposer on Similar Projects B. Approach to the Project C. Discussion of Potential Conflicts of Interest
4.	Fee Proposal

1. Title Page.

The Title Page must include the following information:

REI #2025-01 Financial Services for Auction and Reserve Sale

[Date of Response Submission]

[Proposer's Company Name]

2. Cover Letter. Maximum two (2) pages.

The cover letter must include the following paragraph and the signature of the representative authorized to make the proposal on behalf of the Proposer:

The enclosed proposal is submitted in response to REI # 2025-01, including any addenda. By submitting this proposal, we agree to all the terms and conditions of the REI and understand that any inconsistent provisions in our Response may result in a lower score, up to and including disqualification. We have carefully read and examined the REI and have conducted such other diligence as was prudent and reasonable in preparing this Response. We agree to be bound by the statements and representations made in our Response.

The Proposer must also include the following statement, tailored to fit its own business, in its Response:

- I certify that [Company]:

RFP # 2020-02 Financial Services for Auctions and Reserve Sales

- (1) has an official presence by having a document office location in [Identify location(s) (i.e., in the United States, in Canada, or in both countries)];
- (2) is able to provide all required Financial Services, in accordance with all applicable national and local laws and regulations of WCI, Inc. and the Participating Jurisdictions;
- (3a) if providing Financial Services in the United States, is a federally chartered bank regulated by the Office of the Comptroller of the Currency (OCC);
- (3b) if providing Financial Services in Canada, is a financial institution regulated by the [identify the regulator, i.e., the Canadian Office of the Superintendent of Financial Institutions ("OSFI") or the *Autorité des marchés financiers (AMF)*];
- (3c) if providing Financial Services in Québec, can provide all required Financial Services in French and English.

The cover letter must be provided on the Proposer's company letterhead and include the following information:

- The name and address of the Proposer. A Post Office box may be used, but the Proposer's Street address must also be provided.
- Only an individual who is authorized to bind the Proposer contractually shall sign the required Cover Letter for the proposal. The name, title/position, and manual signature are required of the authorized representative of the Proposer. An unsigned Cover Letter may cause the proposal to be rejected.
- The cover letter shall indicate that the Response constitutes an irrevocable Proposal by the Proposer for a period of one hundred and eighty (180) days after submission of the Response.

5.3. Technical Proposal. Maximum seven (7) pages.

A. Corporate Experience of Proposer on Similar Projects

The Proposer shall provide information on recent projects performed within the past five (5) years that demonstrate the Proposer's ability to provide services similar to Financial Services. Each project described must include a brief description of the scope performed by Proposer (and any affiliated entity or subcontractor included in the Response) and its relevance/similarity to the Financial Services sought by this REI. The Proposer should also identify the office(s) where the work was performed, the timeframe/duration of the services being performed, and the magnitude/cost for each project listed.

B. Approach to the Project

The Proposer shall provide a brief outline of its capacity to provide Financial Services, including:

- Current administrative and operational processes, systems, and controls offered that will be used to meet the objectives of the Financial Services (and all tasks) required, including timely delivery and high-quality performance of each task.
- Key issues and potential problems where Proposer will not be able to provide the Financial Services (or any tasks) required. Discuss alternatives and options that would lead to the successful performance of services.
- A timeline for implementation of all Financial Services to be provided to WCI, Inc. Identify any risks of delays in the timeline, including where services will need to be developed or customized to meet the objectives of Financial Services. The timeline must identify the first Auction for which Proposer will be able to provide Financial Services.
- The location(s) where work will be conducted and any coordination required if multiple offices (and any affiliated entities or subcontractors) are proposed to implement and ultimately provide the Financial Services.
- Outline a management plan/organizational structure describing the management structure and project organization (including roles, responsibilities, and processes) that would be used to ensure effective communication and coordination with WCI, Inc., the Participating Jurisdictions, and other WCI, Inc. contractors, both during implementation and provision of the Financial Services.

C. Discussion of Potential Conflicts of Interest

The 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.

Each Proposer must also disclose any potential real or perceived conflicts of interest (e.g., between the Proposer or an affiliated company of the Proposer with a covered entity or a General Market Participant, or by providing services to a covered entity or General Market Participant) and outline how such conflicts will be mitigated. The Proposer must also describe any formal policies or procedures that will identify and mitigate potential future conflicts of interest, and ensure that the Proposer's organization, management, and employees avoid financial interests and activities that create potential and actual conflicts of interest.

Proposers selected for presentations should be prepared to discuss the policies and procedures they utilize to identify and mitigate conflicts of interest, as well as how they ensure that their organization, management, and employees avoid and mitigate conflicts of interest.

5.4. Fee Proposal

Proposer must submit its best estimate of the total cost to provide Financial Services in U.S. Dollars, including the cost structure with estimated costs for each Task described in **Attachment A** for the Financial Services. A Proposer's costs submitted in the Initial Response and discussed at the Proposer's Presentation and Conference will not be considered binding unless Proposer later informs WCI, Inc. that the previously submitted Fee Proposal shall be considered part of its Final Response.

Currently, WCI, Inc. supports four (4) California-Québec Joint Auctions on an annual basis, four (4) Washington stand-alone auctions, and up to four (4) separate Reserve Sales may be held per year in each Jurisdiction, i.e., up to four (4) in California, four (4) in Québec, and four (4) in Washington. If certain conditions are met, the Reserve Sale may occur. However, so far, only four (4) Reserve Sales have been held in Washington. No reserve sale has ever been held in California or Québec because the prerequisite conditions for holding such an event have never been satisfied.

During the contract for these Financial Services, it is possible that additional or expanded Auctions will be required if any new jurisdiction joins. The frequency and detailed requirements for any event mentioned in the above paragraphs may also change based on the evolving regulations of each Participating Jurisdiction.

The Fee Proposal must apply to current Participating Jurisdictions for Auctions and any new jurisdiction that might require Financial Services in the future. It must also clearly identify the difference in fees depending on the number of Auction participants. For planning purposes regarding the total estimated costs, WCI, Inc. estimates that each California-Québec Joint Auction will have approximately 150 applicants (of which 120 are from California and 30 are from Québec), and that each Washington Auction may have around 55 applicants. For Reserve Sale cost planning, WCI, Inc. estimates that a 60% ratio could be applied to the above figures for any jurisdiction.

Provided below is a Fee Proposal structure to illustrate one method of presenting estimated costs, although this format is not required. Depending on the structure used by each Proposer, additional tables may be included, for example, to differentiate the Reserve Sale cost by Participating Jurisdiction.

The format of the Fee Proposal will depend on the structure proposed. For example, the cost structure for Financial Services in a Joint Auction may differ from that in 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 in an Auction. The number of entities applying to participate may exceed those approved to participate in an Auction. Each entity is represented by a minimum of two and up to five account representatives who may bid on behalf of the entity.

Table A - Description of Services (Tasks Not Dependent on the Number of Auction Participants)	Cost (\$)
Task 1. Develop Final Work Plan and Schedule for Implementation	\$
Task 2. Develop Processes & Procedures for Financial Services	\$
Task 4. New Jurisdictions (Cost per Jurisdiction)	\$
Task 5. Consigning Services	\$
Task 6. Other Services as Directed (Hourly rate)	\$
Task 7. Transition Out	\$
Total Costs (Planning Tasks)	\$

Table B - Description of Financial Services for Auction/Reserve Sale (Task depending on number of Auction Participants)	Pre-Auction Services	Post-Auction Services	Pre-Reserve Sale Services	Post-Reserve Sale Services	[Add columns as needed to further separate services]
	Cost (\$)	Cost (\$)	Cost (\$)	Cost (\$)	Cost (\$)
Task 3. Auction/Reserve Sale Financial Services					
<i>[Insert Tiers for Number of Auction Applicants/Participants (e.g., Fees if 0-20 applicants, 21-50 applicants, etc.)]</i>					
<i>[Add additional rows as needed.]</i>					

6. General REI Information

6.1. Questions and Answers

All questions regarding this REI must be submitted via e-mail to rfp@wci-inc.org by the deadline. All relevant questions will be formally answered by WCI, Inc. and shared with Proposers. All questions will be posted with responses on the WCI, Inc. website on or before the date indicated in the REI Schedule. Upon request from any prospective proposer, confidential discussions may be organized with WCI, Inc. staff, subject to its availability, to answer questions regarding this REI. Any questions of a general nature discussed in a confidential discussion will be formally posted by WCI, Inc. on its website. Only information issued in writing by WCI, Inc., as an official notice, should be relied upon. In addition, should any ambiguity or conflict arise between the English and French versions of this REI, the English version shall control.

6.2. Right to Reject Proposals

A proposal may be rejected if it is incomplete, conditional, or if it contains any alterations of form or other irregularities of any kind. WCI, Inc. may reject any or all proposals and may waive any immaterial deviation in a proposal. The waiver of immaterial defect shall in no way modify the REI or excuse the Proposer from full compliance with all requirements if the Proposer is awarded the Contract.

More than one proposal from an individual, firm, partnership, corporation, or association under the same or different names will not be considered. Reasonable grounds for believing that any Proposer has submitted more than one proposal for the work contemplated herein may cause the rejection of all proposals submitted by that Proposer. If there is reason to believe that collusion exists among the Proposers, none of the participants in such collusion will be considered in this procurement.

6.3. Modifications and/or Withdrawal of a Response

A Proposer may modify a Response after its submission by withdrawing its original response and resubmitting a new complete response, prior to the final date for proposal submission. Modifications offered in any other manner, oral or written, will not be considered.

A Proposer may withdraw its Response by submitting a written withdrawal request to WCI, Inc., signed by the Proposer or an agent authorized in accordance with the **Signature Requirements** below. Proposals may not be withdrawn without cause after the proposal submission deadline.

6.4. No Right to Protest or Liability

Proposers understand that this REI is issued by WCI, Inc., and the contract awarded will be entered into with WCI, Inc. The Proposer understands that it has no right to protest or challenge any evaluation or contract awarded under a future associated RFP. The Proposer further understands and agrees that WCI, Inc., the Participating Jurisdictions, and any of their respective funding sources, shall have no liability to Proposer for any damages of any kind, including indirect, consequential, or special damages or lost profits which arise from, relate to, or are connected with this REI, including the REI's competitive process, the evaluation of proposals, the selection of a successful Proposer, or any failure or decision not to enter into a contract with a Proposer.

6.5. Proposer's Responsibilities

Proposers should carefully examine the entire REI, with special attention to all task requirements listed in **Appendix A: Scope of Work** and Response requirements previously described.

Proposers shall investigate potential obstacles that may be encountered during the planning and execution of the Tasks. No additions or increases to the contract value will be made due to a lack of careful examination of the requirements.

Before submitting a response to this REI, Proposers should review their response, correct all errors, and confirm compliance with the REI's requirements.

All costs and expenses incurred by the Proposer in connection with this REI, including costs incurred for developing proposals in anticipation of award of the contract and prior to any execution of the contract, are entirely the responsibility of the Proposer and shall not be charged to WCI, Inc.

It is the Proposer's responsibility to promptly notify WCI, Inc. by e-mail if the Proposer believes that the REI is unfairly restrictive, contains errors or discrepancies, or is otherwise unclear. Notification must be made immediately upon receipt of the REI so that the matter may be fully considered, and appropriate action may be taken by WCI, Inc.

If awarded the contract, the Contractor must be in good standing and qualified to do business in any jurisdiction where services will be performed at the time the contract is executed and throughout the entire term of the contract.

6.6. Signature Requirements

All documents requiring signatures, as contained in the original proposal package, must be signed by authorized personnel of the Proposer.

6.7. Disposition of Responses

Upon opening the Responses, all materials submitted in response to this REI will become the property of WCI, Inc. and shall not be returned to the Proposer. A Proposer has no right to audit or request a copy of any proposal submitted by any other Proposer. All submitted materials will be held in confidence, subject to applicable laws. The successful Proposer's entire proposal, except for confidential business information (to be determined by joint agreement between WCI, Inc. and the Contractor), shall be a public document following execution of a contract with WCI, Inc.

7. Attachments

Attachment A: Statement of Work

Attachment B: WCI, Inc. Standard Agreement

Attachment A

Statement of Work

This Statement of Work ("SOW") describes the detailed services Western Climate Initiative, Inc. ("WCI, Inc.") is seeking from an experienced and qualified contractor ("Contractor") to develop and provide financial services administration ("**Financial Services**") to support Participating Jurisdictions Auctions and Reserve Sales (referred to as an "Auction" or "Auctions") which include:

- **Multi-jurisdiction Joint Allowances Auctions ("Joint Auctions")**, such as the California-Québec Joint Auctions, which are currently held quarterly.
- **Jurisdiction-Specific Allowances Auctions ("Jurisdiction Specific Auctions")**, such as Washington State's Auctions, which are currently held quarterly.
- **Potential Jurisdiction-Specific Reserve Sales**, such as California's Reserve Sales, Québec's Sales by Mutual Agreement (SBMA), Washington State's Allowance Price Containment Reserve (APCR) Sales, which are held on an *ad hoc* basis only when prerequisite conditions are met.

All Financial Services should be designed to easily add new jurisdictions or linkages without costly redesigns or changes to existing services.

Financial Services are required in both the U.S. and Canada. Depending on the qualifications and capabilities of potential Proposers, WCI, Inc. may select one contractor to provide both U.S.-based and Canadian-based Financial Services (for any or all Participating Jurisdiction(s)) or may select one contractor to provide U.S.-based services and one contractor to provide Canadian-based services (for any or all Participating Jurisdiction(s)). If two or more contractors are selected, coordination between them will be required.

The Contractor (in cooperation with any affiliated entities or subcontractors) must have an official presence (document locations) in the country(s) they seek to provide service in accordance with all applicable national, provincial, or state and local laws and regulations of the Participating Jurisdictions. This includes providing Services in French and English for entities and voluntary participants registered in Québec.

Where a Proposer proposes to subcontract with another entity, WCI, Inc. will require an understanding of the nature of the relationship and management structures as they relate to the project, clearly demarcated responsibilities, and an appreciation of the synergies and advantages that the partnership will provide to the Services.

All Financial Services must be conducted in accordance with the program regulations in effect for WCI, Inc. Participating Jurisdictions, which are subject to change and currently include California, Québec, and Washington State. If any instruction from WCI, Inc. or Participating Jurisdictions is unclear, incomplete, or inconsistent with program regulations, other data, or instructions provided to Contractor, the Contractor shall seek clarification from WCI, Inc. and Participating Jurisdictions prior to carrying out the instruction. For all Statement of Work tasks, the Contractor must provide services and consolidate data for all Participating Jurisdiction accounts and all entity accounts for entities registered under the Participating Jurisdiction programs.

RFP # 2020-02 Financial Services for Auctions and Reserve Sales

WCI, Inc. and Participating Jurisdictions will work with Contractor(s) to develop processes, procedures, and reports to be as consistent as possible to reduce the impact of Auction operations on Participating Jurisdictions.

The scope of work for the Financial Services consists of seven (7) tasks as described below.

Task 1: Develop Final Work Plan and Schedule

The Contractor will develop a draft Work Plan indicating how it intends to execute each Task and how it will interact with WCI, Inc. and the Participating Jurisdictions. The schedule for completing each Task must be provided, along with an explanation of the appropriate timeframes for each subtask. After receiving the draft Work Plan, WCI, Inc. and the Participating Jurisdictions will review and provide comments. Upon receiving comments, Contractor will finalize the Work Plan for approval by WCI, Inc.

Task 1– Deliverables

- Draft Work Plan: Thirty (30) days after contract initiation
- Final Work Plan: Two (2) weeks after receipt of comments on draft

Task 2: Develop Processes and Procedures for Financial Services

The purpose of this Task is to develop all necessary processes, procedures, systems, reports, outreach materials, training materials, and any other required materials to provide the requested Financial Services. The Contractor will prepare Processes and Procedures Documents describing the steps and requirements needed to provide Financial Services for Auctions. Processes and procedures should include all aspects of Financial Services, including pre-Auction and post-Auction and Reserve Sale services, account structure, management of cash and document bid guarantees and payments, currency exchange, proceeds distribution, consigning entity account setup and payments (as applicable), and financial settlement of Auctions.

All Financial Services, including the account structure proposed for Financial Services, must be in full compliance with all applicable national, state, provincial, and local laws and regulations. The Contractor's account structure must also permit the management of multiple currencies (i.e., U.S. dollars and Canadian dollars) while minimizing the impact to the greatest degree possible on the potential Auction applicants and Participating Jurisdictions required to establish accounts.

To set up and manage Financial Services accounts, an account structure must be proposed that provides the Contractor with the ability to manage the submittal of cash and document bid guarantees, as well as payments submitted by all Auction participants, and the management of Participating Jurisdiction funds and Consigning Entity funds. Information required from potential Auction applicants and Participating Jurisdictions may be impacted by the proposed account structure or data required for compliance with banking regulations.

Financial Services administration, as described in this REI, requires coordination, integration, and compatibility with other WCI, Inc. services, including the Market Registry and the Auction Platform.

2.1 Market Registry Integration

The Financial Services administrator staff will require access to the Market Registry and must meet all applicable regulatory requirements for access, including meeting all know-your-customer requirements. The Auction application process begins in the Market Registry. The Contractor will have access to potential applicants and applicant data from the Market Registry that is required to perform the Financial Services. When access is granted to the Market Registry, it is under the role of an FSA user, which provides the following:

- 1) **Access to Auction XML file:** This file provides data in an XML format for all entities for applicable Participating Jurisdictions that have applied for Auction participation in a current or prior event, as well as consigning entities. Data in the file includes the following:
 - a) Entity Data, including Entity Legal Name, Entity Operating Name, Entity Type, Market Registry Account Number, document and mailing addresses, and jurisdiction of registration
 - b) Entity Account Representative data and contact information, including the first and last name, phone number, and email address of account representatives.
- 2) **Access to Auction Application Report:** This file provides data in a comma-separated value (CSV) format for all entities that have applied for an Auction or Reserve Sale. The report is updated based on new data uploaded by the FSA or edits made by an entity. An entity can edit data until the end of the application period, except for bid guarantee return instructions, which can be edited at any time until the Auction closes. Data in the file includes the following:
 - a) Entity Data
 - b) Entity Application Data, including bid guarantee return instructions
 - c) Entity Financial Services Account Data
 - i) Entity Financial Services Account Data (after upload by FSA)
 - ii) Entity Cash and Document Bid Guarantee holdings (after upload by FSA)
- 3) **Access to Upload Bid Guarantee Data**
 - a) Upload Entity Financial Services Account information and cash holdings: This file is used to upload each entity's Financial Services account number and cash holdings. The file includes up to one record for each entity.
 - b) Upload Entity Document Bid Guarantee holdings: This file is used to upload each entity's non-cash, document bid guarantee holdings. The file includes one record for each document bid guarantee received from each entity.
- 4) **For Consignment Services (as applicable):**
 - a) Access to Consignment Wiring Instruction Report: This file provides data in CSV format to transmit consigning entity wiring instructions for the payment of proceeds.
 - b) Access to Confirm Consignment Wiring Instructions: This file is used to view and confirm that the consigning entity's wiring instructions meet requirements for wiring instructions.

2.2 Auction Platform Integration

The Financial Services administrator staff will require access to the Auction Platform. To gain access, the staff must have an active Market Registry account and must meet all regulatory requirements for Market Registry access. The Contractor will have access to the qualified bidders' Auction results data that is required to perform the Financial Services. When access is granted to the Auction Platform, it is under the role of an FSA user, which provides the following:

- 1) **Access to Financial Settlement Report:** This file provides data in an Excel format for all entities for applicable Participating Jurisdictions that have applied for and been approved to participate in an Auction. Data in the file includes the following:
 - a) Entity Data
 - b) Entity Financial Services Account Data
 - c) Entity Financial Settlement Data

2.3 Processes and Procedures Required

These processes and procedures for Financial Services must fully describe:

1. Pre-Auction and Reserve Sale Financial Services, including:
 - a. Setting up and managing Financial Services accounts:
 - i. Process to receive, manage, and update entity and representative information for potential 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 Canadian banking regulations (e.g., know-your-customer (KYC) requirements).
 - b. Receiving, managing, and reporting of cash and document bid guarantees specific to each Participating Jurisdiction's regulatory provisions.
 - c. Receiving and managing bid guarantee return instructions.
 - d. Transmitting Entity Financial Services Account Data to Participating Jurisdiction by uploading data directly into the Market Registry, using a pre-defined accepted data format.
 - e. Reporting pre-Auction Application Data and Entity Financial Services Account Data to Participating Jurisdictions.
2. Post-Auction and Reserve Sale Financial Services, currency exchange, and reporting/reconciliation services, including:
 - a. Financial Services
 - i. Receiving and recording Auction results data for each event from the Auction Platform.
 - ii. Reporting 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 document bid guarantee documents for bidders that fail to make payment.
 - vi. Returning document bid guarantee instruments through secure delivery.
- b. Currency Exchange
- i. Providing 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:
 - 1. Reduce potential loss related to changes in exchange rates for each Auction and over time.
 - 2. Allow exchange based on a spot exchange rate or on a known exchange rate available for a set time frame to allow distribution to each Participating 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 a minimum, 1) a specific currency exchange direction, amount, 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 account amounts debited or credited in appropriate Participating Jurisdiction accounts.
 - 3. Confirming exchange rate currency and amount sold, exchange rate achieved, currency and amount purchased, date and time of transaction, and date for delivery of funds.
 - 4. The Contractor 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 (e.g., 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 purchase price plus a set margin or a set margin based on the amount.
 - 5. Transferring funds to, or receiving funds from, the other Financial Service Contractor (if applicable), depending on the direction of the currency exchange, as directed by the Participating Jurisdictions.

- c. Distribution of Proceeds
 - i. Accepting directions to distribute proceeds.
 - ii. Distributing proceeds to Participating Jurisdictions.
 - iii. Distributing proceeds to consigning entities (as applicable).
- 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. If any processes and procedures developed in Task 2 do not meet the agreed-upon objectives, the processes and procedures will be modified accordingly.

2.4 Support Processes and Materials

The Contractor must also provide support processes and materials, including:

1. Developing systems, including databases and/or reports (or providing and adapting any existing systems the Contractor already owns), required to support the approved processes and procedures, and reporting requirements.
2. Developing 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:
 - a. Guidance on establishing Financial Services accounts (consistent with the Contractor's proposed structure for accounts established for each entity or individual).
 - b. Guidance on submitting bid guarantees and providing return instructions.
 - c. Guidance on submitting payment.
 - d. Template emails used to provide all services, including support services.
 - e. Guidance and form(s) used to request information from General Market Participants that may be required by applicable banking regulations.
 - f. Guidance and form(s) used to request a change in bid guarantee return instructions.
 - g. For consigning services (as applicable),
 - Guidance and form(s) used to request or confirm consigning entity wiring instructions used for the distribution of proceeds.

- Guidance and form(s) used to provide a consigning entity statement of proceeds distribution.
3. Providing support to Auction and Reserve Sale potential applicants, applicants, and qualified bidders, as applicable, and responding to questions submitted by phone or email specifically to the Financial Services.
 - a. Providing consistent contacts, phone, and email for Contractor to support questions from entities during standard business hours within all Participating Jurisdictions.
 - b. Providing support services and contact information, including phone and email contact to support questions in English and in French (only for entities registered in Québec).
 - c. Creating documents to collect information (e.g., the form to collect information required from General Market Participant, Individual) and outreach material to explain example document bid guarantee requirements (e.g., example letter of credit, letter of guarantee).
 - d. The primary documents used for outreach include the Auction Notice and supplemental documents available on Participating Jurisdiction webpages. The Contractor will assist in developing language in these documents specific to Financial Services and review and comment on Participating Jurisdiction changes to these documents.
 - e. Auction participants are encouraged to confirm receipt of the bid guarantee and financial settlement payment. As a result, phone and email inquiries can be expected to equal up to 100% of the number of applicants for each event.
 - f. In the case of consigning services, provide support to consigning entities.
 4. If requested by WCI, Inc., cooperating with Participating Jurisdictions to participate in a test Auction(s) for participants and/or test Reserve Sale(s) to demonstrate and exercise the procedures and capabilities for Financial Services.
 5. Providing all participant materials in English and French to WCI, Inc., and Participating Jurisdictions.
 6. Reviewing documentation developed by WCI, Inc., and Participating Jurisdictions, as needed. Current Auction and Report notices, and other [training materials](#), including the [Detailed Auction Requirements and Instructions](#), are available from each Participating Jurisdiction's web pages (e.g., refer to the [California Auction Information Page](#) or [Washington Cap-and-Invest Auctions & Market Page](#)), also including similar documents specific to Reserve Sales.
 7. If any processes and procedures developed in this task do not meet the agreed-upon objectives, including KYC, the processes and procedures will be modified accordingly.

2.5 Reporting Requirements

As described previously, the Contractor must provide specific reports described below:

1. Financial Services reports are required to transmit Financial Services accounts and bid guarantee data to Participating Jurisdictions. There are two (2) files used for reporting by uploading data directly into the Market Registry:

- a. Financial Services Account information and cash holdings: This file is used to upload each entity's Financial Services account number and cash holdings. The file includes up to one record for each entity.
 - b. Upload Entity Document Bid Guarantee holdings: This file is used to upload each entity's non-cash, document bid guarantee holdings. The file includes one record for each document bid guarantee received from each entity.
2. 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, 1) Entity Applicant Data and 2) Entity Financial Services Account Data.
3. Post-Auction and Reserve Sale reconciliation reports are required to provide financial settlement information to Participating Jurisdictions concerning Auction and Reserve Sale applicants and qualified bidders, including, but not limited to: 1) Entity Applicant Data, 2) Entity Financial Services Account Data, 3) Entity Financial Settlement Data, 4) Summary Financial Settlement Data, 5) Currency Exchange Data, and 6) Proceeds Distribution Data. For Consigning Services (as applicable), this would include Entity Consignment Data. The purpose of post-Auction reconciliation reports is to document reconciliation of all funds received, bid guarantees returned, currency exchange completed, and proceeds distributed.

For Consigning Services, Entity Consignment Data reports would be required to track information for consigning entities in each Auction.

Reports are available to the Contractor through the Market Registry and the Auction Platform. Additionally, the Contractor is required to generate other reports. In many cases, the data available to the FSA is populated, in whole or in part, in FSA reports to maintain consistency in data availability. A primary report available to the Contractor from the Market Registry is the Application Report. Once an entity applies to participate in an Auction, Event Summary Data, Entity Data, and Entity Application Data are populated in this report. Financial Services Account Data is uploaded directly into the Market Registry by the Contractor and is populated into the Application Report. This data is uploaded directly into the Market Registry. The Entity Data, Entity Application Data, and Financial Services Account data are populated into the pre-Auction and Reserve Sale reports.

Entity Financial Settlement Data is available to the Contractor through the Financial Settlement Report, which can be accessed from Participating Jurisdictions or the Auction Platform. Post-Auction reconciliation reports are developed to include a status of financial settlement for each qualified bidder. The purpose of the reports is to provide: 1) a summary of proceeds available or distributed, 2) a financial settlement status by entity, and 3) a bid guarantee return status by entity. The reports include subsets of data from several categories, including Entity Data, Entity Application Data, Entity Financial Services Account Data, Entity Financial Settlement Data, Summary Financial Settlement Data, Currency Exchange Data, and Proceeds Distribution Data. Entity Consignment Data will also be included for Consigning Services.

Reports may be developed to be specialized by topic and phase of an event (pre- or post-event) 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. General data categories to be included in the reports are described below:

Reports	General Data Categories to be included in the Reports
Pre-Auction and Reserve Sale	<ul style="list-style-type: none"> - Summary Data - Entity Data - Entity Application Data - Financial Services Account Data - Entity Consignment Data (if applicable)
Post-Auction and Reserve Sale	<ul style="list-style-type: none"> - Summary Data - Entity Data - Entity Application Data - Financial Services Account Data - Entity Financial Settlement Data - Summary Financial Settlement Data
Interim and Final Reconciliation	<ul style="list-style-type: none"> - Summary Data - Entity Data - Entity Application Data - Financial Services Account Data - Entity Financial Settlement Data - Summary Financial Settlement Data - Currency Exchange Data (Joint Auctions Only) - Proceeds Distribution Data - Entity Consignment Data (if applicable)

The Contractor will need to be able to report using both USD and CAD data. Specific data may differ for an Auction or Reserve Sale. For 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:

General Data Category	Specific Data to be Included
Summary Data	<ul style="list-style-type: none"> - Report Date - Report Name - Auction Name (Reserve Sale Name) - Date Report Generated
Entity Data	<ul style="list-style-type: none"> - Market Registry Entity ID Number - Entity Legal Name - Entity Operating Name
Entity Application Data	<ul style="list-style-type: none"> - Expected Bid Guarantee Type(s) (Cash, Letter of Credit (LOC), Letter of Guarantee (LOG)) - Currency - Bid Guarantee Return Instructions <ul style="list-style-type: none"> o Return Mailing Address

General Data Category	Specific Data to be Included
	<ul style="list-style-type: none"> ○ Return Wire Instruction
Entity Financial Services Account Data	<ul style="list-style-type: none"> - Financial Services Account Number - Form(s) of Bid Guarantee Submitted - Bid Guarantee Submittal Data <ul style="list-style-type: none"> ○ Cash Bid Guarantee Amount ○ Document Bid Guarantee Type(s) (LOC, LOG) ○ Document Bid Guarantee Amount(s) ○ Bid Guarantee Amount Total ○ Bid Guarantee Deposit Date(s) ○ Bid Guarantee Amount Total Update Date ○ Document Bid Guarantee Expiration Date
Entity Financial Settlement Data	<ul style="list-style-type: none"> - For Auction <ul style="list-style-type: none"> ○ Current Auction Successful Bid Quantity ○ Future Auction Successful Bid Quantity ○ Settlement Price (Current) ○ Settlement Price (Advance) - For Reserve Sales <ul style="list-style-type: none"> ○ 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 - Document Bid Guarantee Draw Date - Total Payment Received - Cash Transferred to Participating Jurisdiction Accounts (CAD) - Cash Transferred to Participating Jurisdiction Accounts (USD) - Cash Transferred to Participating Jurisdiction Accounts Date
Summary Financial Settlement Data	<ul style="list-style-type: none"> - Total USD Cash Available in Joint Auction Settlement Account - Total CAD Cash Available in Joint Auction Settlement Account - Total Cash Transferred to Participating Jurisdiction Accounts (CAD) - Total Cash Transferred to Participating Jurisdiction Accounts (USD)
Bid Guarantee Return Data	<ul style="list-style-type: none"> - Bid Guarantee Return Email Notification Date - Cash Returned to Bidder - Cash Return Date

General Data Category	Specific Data to be Included
	<ul style="list-style-type: none"> - Document Bid Guarantee Return Date
Currency Exchange Data (Joint Auctions Only)	<ul style="list-style-type: none"> - 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 Participating Jurisdiction Accounts (CAD) - Cash Transferred from Participating Jurisdiction Accounts (USD) - Cash Transferred from Participating Jurisdiction Accounts Date - Cash Transferred to Participating Jurisdiction Accounts (CAD) - Cash Transferred to Participating Jurisdiction Accounts (USD) - Cash Transferred to Participating Jurisdiction Accounts Date
Proceeds Distribution Data (Proceeds Data)	<ul style="list-style-type: none"> - Total Allowances Sold CARB (Current) - Total Allowances Sold CARB (Advance) - Total Allowances Sold Québec (Current) - Total Allowances Sold Québec (Advance) - Total Allowances Sold Washington (Current) - Total Allowances Sold Washington (Advance) - Settlement Price (Current) - Settlement Price (Advance) - Auction Exchange Rate - Total USD Paid to CARB (for Joint-Auctions) - Total CAD Paid to Québec (for Joint-Auctions) - Total USD Paid to Washington (for Stand-Alone Auctions) - Total USD or CAD Paid to Consigning Entities (if applicable) - Currency Proceeds Paid (CAD or USD) - Total Allowances Sold (Current) - Total Allowances Sold (Advance) - Total Auction Proceeds Paid to Consigning Entities (if applicable)
Entity Consignment Data (Currently applicable for California and Washington only)	<ul style="list-style-type: none"> - Consigning Entity Market Registry 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 - Total CAD Paid - Consigning Entity Instructions for Proceeds Payment (Wire

General Data Category	Specific Data to be Included
	Instructions) - Consignment Payment Date

The Contractor must ensure that financial and transaction services are coordinated with other emissions trading services and develop a procedure to ensure the confidentiality of data, ensuring that data security meets all the Participating Jurisdictions' data security requirements. Data sharing may require the use of specific software and encryption requirements. For example, access to the Market Registry data requires software that can open encrypted files using AES-256 encryption.

Finally, the Contractor must coordinate with WCI, Inc. and Participating Jurisdictions to manage the project and ensure the timely completion of all deliverables.

The Contractor shall provide the following deliverables for the Pre-Auction/Reserve Sale subtask. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

Task 2 – Deliverables

- Draft Process and Procedures
 - Pre-Auction
 - Post-Auction
 - 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 Participating Jurisdictions, total pages of materials to be developed are anticipated to be no more than 10 total pages)¹
 - For Consignment Services
- Final Process and Procedures
 - Pre-Auction
 - Post-Auction
 - Consigning Entity (applicable only if permitted by the Participating Jurisdiction)
 - Financial Services support processes, training, and outreach materials
 - Revised Processes/Procedures Documents, if necessary
- Draft System Configuration/Specialized Reports
- Final System Configuration/Specialized Reports
- Participation in Practice Auction(s)

Note: 1. The Contractor must provide training materials in both English and French.

Task 3: Auction/Reserve Sale Financial Services

3.1 Pre-Auction/Reserve Sale Services

The application process currently begins in the Market Registry. The Contractor will have access to potential applicants and applicant data from the Market Registry that is required to perform the Financial Services. Participating Jurisdictions' staff can provide additional data on the corporate structure of entities if required for the Contractor's account establishment process.

¹Separate fund management will be required for Joint Auctions, Jurisdiction-Specific Auctions, and Reserve Sales, as these events can overlap. The Contractor will work with 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.

1. Setting up and managing the Financial Services accounts.
 - The Contractor will work in coordination with WCI, Inc. and Participating Jurisdictions to conduct the process to establish accounts on behalf of Auction participants. The Contractor will have access to download entity registration details from the Market Registry. Where needed, Participating Jurisdictions may provide the Contractor with additional entity registration details not available in the Market Registry, including the name and address of each Auction and Reserve Sale applicant's directors and officers, and a list of people controlling over 10% of the voting rights attached to all the outstanding voting securities of the registering entity. The Contractor may contact the Auction applicants directly if questions arise in the review of the entity's ownership and list of controlling persons to maintain compliance with applicable 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 will obtain supplemental information directly from the applicant, as needed to establish accounts.
 - Account Set Up. The first time an entity submits an Auction or Reserve Sale application, the Contractor will complete the process to establish a Financial Services account on behalf of the Auction applicant. If an entity participates in both Auctions and Reserve Sales, subaccounts or separate accounts may be required.
 - Account Verification. When an entity submits an Auction or Reserve Sale application for participation in subsequent Auctions or Reserve Sales, the Contractor will verify that a Financial Services account is associated with the entity based on the Market Registry ID and Entity Legal Name.
 - Account Management. Financial Services accounts must be able to be updated in

¹ Additional registration data, including data specific to corporate structure, is reported to Participating Jurisdictions in hardcopy form and may be made available to the Contractor as needed for procedures to establish accounts. Data collected by each Participating Jurisdiction is respectively outlined on California's [Corporate Associations and Structure Form](#), Québec's [Structure and Business Relationships Disclosure Form](#), and Washington's [CITSS Corporate Associations and Structure Disclosure Form](#). The primary data made available includes the Names and Addresses of Your Entity's Directors and Officers, the Names and Addresses of Persons with Voting Rights, and Parent and Subsidiary Companies.

- the event of a change to an entity profile in the Market Registry (e.g., a change in the Entity Legal Name).
- Accounts must be able to separately manage multiple concurrent events, as, currently, activities for up to two (2) Auctions and one (1) Reserve Sale may be occurring concurrently for each Participating Jurisdiction, and, at any given time, a total of five events may occur for all current Participating Jurisdictions.
2. Receiving and managing bid guarantees.
 3. Receiving and managing bid guarantee return instructions.
 - Return instructions for excess funds or document bid guarantee instruments are available through the Market Registry 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 must ensure that entities are notified in a timely manner if bid guarantee return instructions are amended or revised for any reason.
 - Bid guarantee return instructions, including a Bank Routing Number (ABA Routing Number or Canadian Transit Number) and account number, must be securely transmitted. In cases where funds are submitted in error and must be returned, but return instructions are not available through the Market Registry, the Contractor must provide a secure means of receiving information from authorized representatives of the entity.
 4. Receiving and managing consigning entity proceeds distribution instructions.
 - Consigning entities may provide instructions through the Market Registry for the receipt of proceeds or may need a secure method to provide these directly to the Contractor. Systems and processes should be developed to address both potential and allow for confirmation and updates as needed.
 - Consigning entity proceeds distribution instructions must be securely transmitted. The Contractor must provide a secure means of receiving information from consigning entities.
 5. Transmitting Financial Services account and bid guarantee amount data to the Market Registry.
 - Auction applicant pre-Auction Financial Services information, including Financial Services account numbers and bid guarantee amount(s) and type(s) received must be reported into the Market Registry. Through the Market Registry, the Financial Services information will be transmitted to Participating Jurisdictions.
 - Systems and procedures should support tracking and reporting updates on established accounts to the Market Registry and Participating Jurisdictions.
 - The Contractor will work with the approved participants to have any unacceptable form of financial guarantee amended prior to the financial guarantee submission deadline. If an unacceptable form cannot be amended by the submission deadline, the Contractor will notify the Participating Jurisdictions as appropriate and return the guarantee directly to the party identified in the Auction application, in

accordance with the instructions of the relevant Participating Jurisdiction, for return of bid guarantees.

6. The number of potential Applicants for which Auction services are provided may be greater than the actual number of Qualified Bidders if any applicants are not approved to participate in an Auction. As a result, Contractors are advised that the number of entities needing pre-Auction or Reserve Sale services may be greater than the number of entities needing post-Auction or Reserve Sale services.
7. Providing support to Auction and Reserve Sale potential applicants, applicants, and qualified bidders and consigning entities, as applicable, and responding to questions submitted by phone or email as needed.

Financial guarantees submitted by entities are specific to the Participating 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 instance:

- For Québec entities bid guarantees must be submitted in CAD or USD in one or a combination of the following forms: cash via a wire transfer; an irrevocable letter of credit (LOC), or a letter of guarantee (LOG), in either case, issued by a bank constituted under the Bank Act (Canada) or by a Financial Services cooperative constituted under the Act applicable to Financial Services cooperatives.
- For California and Washington entities, bid guarantees must be submitted in USD in one or a combination of the following forms: cash via a wire transfer; an irrevocable letter of credit (LOC), or a Bond.
- Any non-cash bid guarantee must be issued in a form that may be accepted by the Financial Services Administrator consistent with applicable banking laws and bank practices in the Participating Jurisdiction where the services are provided.

Contractor will restrict participation to the corresponding currency during Jurisdiction-Specific Auctions and Reserve Sales for a specific state (United States Dollars) or province (Canadian Dollars). For Joint Auctions, the Contractor 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 after the application period is closed. Upon receipt and review of bid guarantees, bid guarantees will be recorded on account and, if applicable, held in the Contractor's vault with the value of the holdings reflected on the account. The Contractor must be able to accept and review, assess, and draw upon any documents (e.g., LOC or LOG) submitted in English or French (only for entities or voluntary participants registered in Québec).

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

A bid guarantee submitted in any form other than cash must be payable within three (3) business days of payment request. All other required terms and conditions for document bid guarantees are to be developed by the Contractor in coordination with the Participating Jurisdictions. Specific deadlines apply to the receipt of all bid guarantees. The Contractor's systems and procedures must identify the date and time of receipt for all bid guarantees.

Reporting Requirements. From the start of an Auction application period and continuing until all

properly received bid guarantees are reflected, the Contractor will provide the Participating Jurisdictions with a daily electronic report of Auction 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 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 will reconcile the currency in which the bid guarantee is submitted to the currency selected during the application process. The Contractor 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 shall provide the following deliverables for this Post-Auction/Reserve Sale subtask. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

Task 3.1- Deliverables

- Draft Pre-Auction/Reserve Sale Reconciliation Report
- Final Pre-Auction/Reserve Sale Reconciliation Report

3.2 Post Auction/Reserve Sale Services

After each Auction and Reserve Sale, the Contractor shall process payments from successful bidders, return excess funds or unused bid guarantee instruments, conduct currency exchange transactions as directed by Participating Jurisdictions, distribute Auction or Reserve Sale proceeds to Participating Jurisdictions and consigning entities (as applicable), provide daily reconciliation status reports, and complete a full reconciliation of accounts.

After an Auction or Reserve Sale is certified by Participating Jurisdictions, generally five business days after an event is conducted, the Contractor will securely access a list of successful bidders (including the quantity and price of allowances purchased) from Participating Jurisdictions. The Auction Administrator (WCI, Inc.) 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 (WCI, Inc.) will make available awards and financial settlement instructions to the Contractor 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 the settlement of all amounts due in one transaction. Auction participants must settle successful allowance bids in the same currency as the bid guarantee provided for such Auction (USD or CAD).

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

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.

3.3 Reporting Requirements

Daily Reconciliation Report. Following certification of the Auction, until final payment of proceeds, the Contractor will provide a daily report on the status of financial settlement to Participating Jurisdictions. The report will include a complete list of approved applicants (qualified bidders) under the Contractor's responsibility, 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 document 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 generated by the Auction Platform.
- 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 generated by the Auction Platform.
- If excess funds are received for payment, the Contractor will return funds to the submitting entity and record all transactions in reports for purposes of reconciliation.

Interim Reconciliation Report. Within three (3) business days (for Reserve Sale) and six (6) business days (for Auction) after the deadline for receipt of payment, and upon settlement of all currency exchange required, the Contractor 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.

Disbursement to Participating Jurisdictions and Final Reconciliation Report. Upon settlement of all required currency exchange and documentation of final funds available for distribution, the Participating Jurisdictions will provide directions to the Contractor to disburse the proceeds of the Auction to the Participating Jurisdictions. The direction will include the amount of USD to be distributed to California (or Washington for stand-alone Auctions) and the amount of CAD to be distributed to Québec. The funds are wired based on previously confirmed wire instructions. After completing the distribution of proceeds, the Contractor will provide the final reconciliation report to the Participating Jurisdictions by secure FTP. The Participating Jurisdictions will then close the Auction.

The specific post-Auction activities to be provided by Contractor will, at a minimum, include:

- Conducting financial settlement (including confirmation and statements), completing currency exchange, and distributing proceeds.
 - After each Auction or Reserve Sale is certified, the Contractor will receive and process payments from Auction participants.
 - Upon payment for amounts owed, the Contractor will return any excess funds or document bid guarantee instrument(s).

- **Reports**
 - Daily Reconciliation Reports through the date of the interim final reconciliation report.
 - Interim Reconciliation Reports will confirm all entity payments received, bid guarantees returned, currency exchange requests completed, and funds available for proceeds distribution.
- The Contractor will provide documents and reports to the appropriate Participating Jurisdiction only.
 - Reporting of the post-Auction Financial Services account information, including entity payments received, and bid guarantees returned.
 - Reconciling and reporting all funds received and all bid guarantees returned.
- **Processing Distribution of Proceeds**
 - The Contractor will be provided with instructions for the distribution of Auction/Reserve Sale proceeds by the Participating Jurisdiction(s) conducting the Auction/Reserve Sale.
 - **Reports**
 - **Final Reconciliation Report.** Upon completion of all required payments, the Contractor 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, a Financial Services Operations Report will be submitted by Secure FTP, including a narrative description and event-specific information. At a 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 Auction and Reserve Sale 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 of prior Financial Services accounts verified
 - Number of prior Financial Services accounts requiring updated account assessment due to a 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, Document Bid Guarantee Amount, Bid Guarantee Amount Total) to reflect data entry errors, or other data adjustments

- Bid Guarantees returned
 - Cash
 - Document bid guarantee instruments
 - Letter of Credit
 - Letter of Guarantee
 - Bond
- Range and average number of days required for bid guarantee return from date of event certification
 - Cash
 - Document bid guarantee instruments
- Date and time of submittal of initial and final reconciliation report
- Consigning entity payments completed (as applicable).
- Support Services. Providing support to Auction and Reserve Sale potential applicants, applicants, and qualified bidders and consigning entities (as applicable), and responding to questions submitted by phone or email as needed.

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

Task 3.2- Deliverables

- Draft Post Auction/Reserve Sale Reconciliation Report
 - Summary Financial Settlement Data
 - Entity Financial Settlement Data
 - Bid Guarantee Return Data
 - Entity Consignment Data, if applicable
- Final Post Auction/Reserve Sale Reconciliation Report
- Final Financial Services Operation Report

Task 4: New Jurisdictions

The purpose of this Task is to add new jurisdictions during the Contract term if additional U.S. states, Canadian provinces, or federal agencies join the current Participating Jurisdictions and require Financial Services support. It is the Contractor's responsibility to update the tools, materials, and procedures to accommodate the addition of new jurisdictions. All Financial Services should be designed such that new jurisdictions can be cost-efficiently added, without requiring extensive redesigns or changes to existing services. If redesigns or changes to existing services are required due to the unique needs of a new jurisdiction, these additional services will be discussed and budgeted before any work commences.

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Under this task, the Contractor must provide a description of the activities to be conducted to bring in a new jurisdiction, including any custom design and development activities that may be required. The Contractor must specify all materials required 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. The Contractor should assume that any new jurisdiction follows the same format and approach used for California, Québec, and Washington services.

If new Participating Jurisdictions are added, the Contractor will need to promptly update the design documentation and the Processes and Procedures Documents.

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

Task 4 – Deliverables

- Draft Plan to Add New Jurisdiction
- Final Plan to Add New Jurisdiction - The schedule for completing the deliverables shall be defined when a new jurisdiction is added.

Task 5: Consigning Entity Setup and Payments

Consigning Entity setup and payment services must fully comply with all applicable national, provincial, state, and local laws and regulations.

The majority of Consigning Entities are electrical distribution utilities and natural gas suppliers. In California and Washington, these entities provide payment wiring instructions for proceeds through the Market Registry.

- For California, no more than seventy (70) consigning entities consign in any given Auction, and typically there are between forty (40) and fifty (50) consigning entities.
- For Washington, no more than thirty (30) consigning entities are expected to consign in any given Auction, and on average, there are approximately twenty (20) consigning entities.

There may be other consigning entities related to allowances from closed accounts or other sources, as described in the regulations of California and Washington State. In these cases, payment wiring instructions for proceeds cannot be provided through the Market Registry. The Contractor must therefore have a secure process to request that consigning entities provide wire instructions for the delivery of payment of proceeds from the sale of allowances successfully sold in an Auction. Consignment related to these sources is rare and should not be expected to occur more than ten (10) times in a year.

Following the release of results for each Auction, the corresponding Participating Jurisdiction provides the Financial Services contractor with an Auction proceeds report detailing the number of allowances sold and the proceeds payable to each consigning entity. The Contractor generates a statement detailing this information and provides it via email to all account representatives of each consigning entity, as well as the corresponding Participating Jurisdiction. Upon direction from the corresponding Participating Jurisdiction, the Financial Services contractor pays the proceeds to each of the consigning entities as detailed in the Auction proceeds report. Information on

consigning entities is only ever provided to the corresponding Participating Jurisdiction and not to be shared with other Participating Jurisdictions or WCI, Inc.

The primary services required for Consignment include the following:

1. Log in to the Market Registry to view and verify consigning entity wiring instructions.
2. Download the consigning entity wiring instructions.
3. Receive wiring instructions from consigning entities not able to transmit wiring instructions via the Market Registry.
4. Receive an Auction proceeds report detailing the number of allowances sold and the proceeds payable to each consigning entity, approved email language, and a consigned allowances statement template.
5. Send emails and consigned allowance statements to entities.
6. Pay proceeds to consigning entities.
7. Include consigning entity proceeds paid reporting in the Final Post Auction Reconciliation Report.

For expansion of services, the Contractor must have a process to request that consigning entities provide new or confirm existing wire instructions for the delivery of payment of proceeds from the sale of allowances successfully sold in the given Auction.

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

Task 5 – Deliverables

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

Task 6: Other Activities as Directed

Additionally, during the Contract, WCI, Inc. may request that the Contractor provide additional services directly related to the Financial Services. The Contractor will undertake additional activities only when directed in writing by WCI, Inc., and both parties agree in writing to such expansion. Upon receipt of any additional technical direction from WCI, Inc., the Contractor will detail its approach in writing for the requested work and an estimate of the level of effort and budget it will need to provide the requested services.

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

Task 7: Transition Out

This Task addresses the need for a smooth transition of Financial Services at the end of the Contract term. The Contractor shall work with WCI, Inc. and other contractor(s) selected by WCI, Inc., if applicable, at the conclusion of the Contract to transition the Financial Services, including training and knowledge transfer. The Contractor is expected to provide materials and assistance reasonably necessary to transfer the Financial Services to a contractor designated by WCI, Inc. This Task will be initiated as directed by WCI, Inc., but the expectation is for the services to occur no later than four (4) months before the end of the Contractor's contract term. Transition activities shall include:

1. Preparation of a Transition Plan that describes the activities and materials used to provide Financial Services, the methods used to implement them, 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 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 Contract term.

The Contractor shall provide the following deliverables for this Task. The schedule for completing the deliverables shall be determined during the transition's planning.

Task 7- Deliverables

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

Attachment B Standard Agreement (“Agreement”)

[[WCI, Inc. Standard Agreement](#) document attached separately.]