

Financial Services for Auctions and Reserve Sale

Request for Proposal RFP#: 2020-02

RFP RELEASE:
FEBRUARY 28, 2020

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



RFP Schedule

Events	Date	Time (Eastern)
RFP Released	February 28, 2020	N/A
Deadline to Submit Written Questions	March 11, 2020	8:00 p.m.
Responses to Questions Issued	March 20, 2020	N/A
Final Date to Submit Initial Response	April 2, 2020	8:00 p.m.
Proposer Presentations and Conferences	Week of April 6, 2020	N/A
Final Date to Submit Final Response	April 17, 2020	8:00 p.m.
Evaluation Period	Week of April 20, 2020	N/A
Contract Award and Negotiations	April 27 to May 15, 2020	N/A
Estimated Contract Start Date	July 2020	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 state and provincial greenhouse gas (“GHG”) emissions trading programs.

Aiming to fight climate change in the most cost-effective way, the Participating Jurisdictions have established the largest carbon market in North America and they are continuing to develop and implement their separately managed economy-wide cap-and-trade programs. Together, the Participating Jurisdictions cap-and-trade programs cover a population of more than 50 million people, representing about 3 trillion USD / 4 trillion CAD in gross domestic product (GDP) and impose a cap of 402 Mt CO₂ eq. on covered GHG emissions in 2020.

WCI, Inc. is fully funded and directed by the jurisdictions using its services. The Board of Directors for WCI, Inc. currently includes officials from the provinces of Québec, and Nova Scotia, and from the State of California (each a “Participating Jurisdiction” and, collectively, the “Participating Jurisdictions”).

Since its creation in 2011, WCI, Inc.’s services have supported 37 Auctions, which have generated approximately \$25.4 billion USD / 3\$2.4 billion CAD of Auction proceeds for its Participating Jurisdictions and California consigning entities. As of the end of June 2019, there were approximately 890 entities registered in our centralized market registry.

Over the next decade, WCI, Inc. intends to be recognized as the provider of **world-class services** that enable the success of its Participating Jurisdictions’ emissions trading programs. 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 Cap-and-Trade services administered by WCI, Inc. include:

- A single market registry for all Participating Jurisdictions;
- Allowance Auction and Reserve Sale that allow each Participating Jurisdiction to auction GHG emission allowances under their respective Cap-and-Trade programs;
- The Financial Services Administration, the focus of this RFP, that 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. 2018 Annual Report](#). Additional details on Auctions are available on each Participating Jurisdiction’s websites: [California](#), [Québec](#) and [Nova Scotia](#).

2. Purpose of this RFP

WCI, Inc. is seeking an experienced and qualified contractor to develop and provide financial services administration (“Financial Services”), including all tasks detailed in the **Attachment A: Statement of Work** of this RFP 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 current California-Québec Joint Auctions currently held on a quarterly basis;
- **Jurisdiction-Specific Allowances Auctions (“Jurisdiction Specific Auctions”)**, such as the upcoming two (2) to four (4) Nova Scotia Auctions starting in June-2020;
- **Potential Jurisdiction-Specific Reserve Sales** (e.g., California Reserve Sale, Québec Sale by Mutual Agreement, Nova Scotia Sale by Agreement).

All Financial Services should be designed such that new jurisdictions can be efficiently added in a cost-efficient manner, and without requiring extensive redesign or changes to existing services.

Proposers have three (3) options when submitting a Proposal for this RFP:

1. Submit a proposal 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 a proposal to provide Financial Services in only 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 this RFP for the United States or Canadian Financial Services, the contractor must be able to coordinate services and cooperate with the Proposer(s) awarded a contract for the Financial Services of the other country.

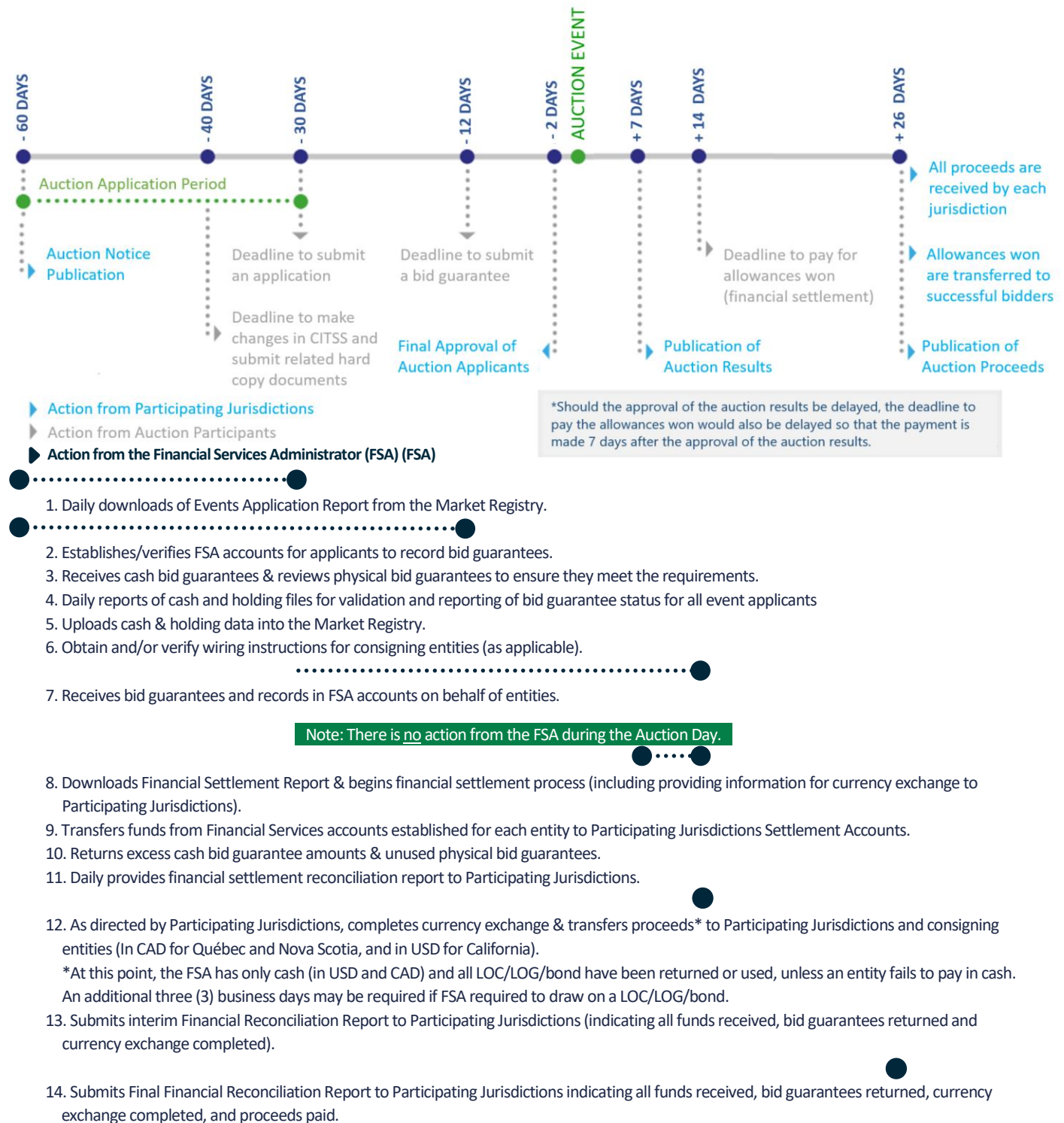
The Financial Services require recording bid guarantees on behalf of each Auction participant (“Participant”), completing transactions for allowances purchased at any Auction, including currency exchange, and payment of proceeds to Participating Jurisdictions. As such, Contractor must provide these services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

If your organization is interested and able to provide such Financial Services, WCI, Inc. encourages your organization to submit a proposal. The targeted start date of the contract is July 2020.

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** in order 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 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.

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



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

4. Minimum Qualifications

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

- have an official presence (meaning a physical 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 Proposer’s response to this RFP.

5. Response Requirements & Submission

5.1. Initial Responses

For this RFP, Proposers will submit an Initial Response which must include all required elements described below. After review of the initial responses, WCI, Inc. will invite selected Proposers to provide a presentation and confer with WCI, Inc. to further describe the Proposers’ experience with providing the Financial Services and approach. 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 following the presentation.

5.2. General Requirements for a Proposer’s Response

Responses (either Initial or Final) to this RFP 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 carefully read and follow all proposal requirements within this RFP. Compliance with the RFP’s instructions is mandatory for a Response to be considered for award. Failure to comply with the RFP’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 RFP, 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 RFP 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.
- 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 RFP. The Response must be complete

and accurate. Omissions, inaccuracies, or misstatements, or a failure to meet the requirements of the RFP 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
5.	Proposer's Requested Revisions to WCI, Inc.'s Standard Agreement

1. Title Page.

The Title Page must include the following information:

RFP #2020-02 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 RFP # 2020-02, including any addenda. Through submission of this proposal, we agree to all the terms and conditions of the RFP, and we understand and agree 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 RFP, and have conducted such other diligence as was prudent and reasonable in preparing this Response. We agree to be bound by statements and representation we make in our Response.

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

- I certify that [Company]:

(1) has an official presence by having a physical 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), is able to 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 eight (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 Proposer’s ability to provide services similar to the Financial Services. Each project described must include a brief description of the scope actually performed by Proposer (and any affiliated entity or subcontractor included in the Response) and its relevance/similarity to the Financial Services sought by this RFP. 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 the 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 which would lead to successful performance of services.
- A timeline for implementation of all Financial Services to be provided to WCI, Inc. Identify any risks for delays in the timeline, including where services will need to be developed or

customized to meet the objectives of the 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 c 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 their policies and procedures utilized to identify and mitigate conflicts of interest, and how Proposer ensures that its 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 and up to four (4) separate Reserve Sales may be held per year in both California and Québec. Starting in June 2020, WCI, Inc. will also support two (2) to four (4) Nova Scotia Auctions per year and up to four (4) separate Reserve Sales ("Sales by Agreement") per year in Nova-Scotia. If certain conditions are met, the Reserve Sale may occur, however, no Reserve Sale has been held because prerequisite conditions to hold such events have never been satisfied.

During the duration of 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 paragraph, may also change based on the evolving regulation of each Participating Jurisdictions.

The Fee Proposal must apply to current Participating Jurisdictions for Auctions and any new jurisdiction which in the future might require Financial Services, and must clearly identify the difference in fees depending on the number of Auction participants. For the purpose of planning the total estimated costs, WCI, Inc. estimates that each California-Québec Joint Auction may have around 100 applicants and that each Nova Scotia Auction may have around 20 applicants or less.

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 Reserve Sale cost by Participating Jurisdiction.

The format of the Fee Proposal will depend on the structure proposed. As an example, the cost structure for Financial Services for a Joint Auction may be different than a Jurisdiction-Specific Auction. The cost structure may also depend on the number of Auction applicants or the number of qualified bidders. The number of qualified bidders is the number of entities approved to participate in an Auction. The number of entities applying to participate may be greater than those approved to participate in an Auction. Each entity is represented by a minimum of two and up to five account representatives that 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>					

5.5. Proposer's Requested Revisions to WCI, Inc.'s Standard Agreement

WCI, Inc. understands that Proposers may have standard terms for certain services due to legal and regulatory requirements; please include such terms, with an explanation of the terms required by law or regulation, along with requested revisions to the WCI, Inc.'s Standard Agreement. Proposers must submit any requested revisions to the WCI, Inc.'s Standard Agreement as part of their proposal. Proposers should be sure to note the applicable Attachment and section number and requested revisions. Proposers are encouraged to submit revisions representing their "last, best, and final" Proposal as WCI, Inc. will evaluate the extent of these requested revisions.

5.6. Final Responses

After providing a presentation to WCI, Inc. and before the deadline to submit the Final Response, a Proposer must either: (1) submit a Final Response which must include all required elements of the Initial Response and be identified as the Proposer's "Final Response"; or (2) affirm in writing to WCI, Inc. (rfp@wci-inc.org) that no changes to the Proposer's Initial Response are necessary and the Initial Response shall be the Proposer's Final Response. Proposers should make any changes to their Initial Response as needed, including finalizing the Fee Proposal. If any change is made to the Initial Response, even if affecting only one (1) page of the Response, the entire Response with all required elements must be submitted as the Final Response.

6. Evaluation Process

The contract award(s), if any, shall be made to a qualified and responsible Proposer whose Response is responsive to this RFP. A responsible Proposer is one whose financial, technical, and other resources indicate an ability to perform the Financial Services required by this RFP.

6.1. Initial Response Evaluation

WCI, Inc. will review all submitted initial responses for completeness and satisfaction of the Minimum Qualifications. WCI, Inc. will then make a preliminary assessment whether each Proposer appears able to provide the Financial Services as requested.

6.2. Presentations by Selected Proposers and Conferences

After review of all submitted initial responses, WCI, Inc. will invite selected Proposers to provide a presentation describing how the Proposer would provide the Financial Services required. WCI, Inc. will invite the Proposers to conduct the presentation at a particular location or via a webinar depending on the location of the Proposer. The presentations should be no more than two hours to allow time for the presentation as well as responses to questions and discussion. The presentation should provide information on each required element of the Technical Proposal; PowerPoint or similar visual presentations are welcome.

6.3. Final Response Evaluation

WCI, Inc. will evaluate all Final Responses and intends to complete contract negotiations with the Contractor(s) by mid-2020. WCI, Inc. may elect to enter into a contract with a Proposer or Proposers offering the best overall value, after evaluating all Final Responses (and Fee Proposals). After contract negotiations conclude, WCI, Inc. staff will then present the Agreement to the WCI, Inc. Board of Directors for its review. Upon approval from the WCI, Inc. Board of Directors, the Contractor(s) will be expected to begin implementing and providing Financial Services pursuant to the agreed-upon timeline with WCI, Inc. If a definitive contract cannot be negotiated, approved, and executed with any selected Proposer, WCI, Inc. may, at its sole discretion at any time, terminate contract negotiations with that Proposer and either negotiate with the Proposer(s) offering the next highest value or choose to terminate the RFP and not enter into a contract with any of the Proposers.

There are two (2) main components to the evaluation of the Final Response:

1. Technical Evaluation
2. Fee Proposal Evaluation

A. Technical Evaluation

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WCI, Inc. will evaluate each Proposer's Final Response to provide Financial Services in accordance with the requirements outlined in this RFP. The Proposer's Final Response must include all information required by this RFP. WCI, Inc. will score the Proposer's Final Response using the following criteria:

1. Technical Approach and Understanding: 100 Points
2. Corporate Experience on Similar Projects: 100 Points

In evaluating the Proposer's Technical Approach and Understanding, WCI, Inc. will review all available material and evaluate each Proposer's offering for Financial Services focusing on the following elements:

- Demonstration of sound, feasible, and achievable technical approach to implementing (timely) and providing the Financial Services, which clearly demonstrates an understanding of WCI, Inc.'s objectives and needs and the manner in which they shall be addressed;
- Demonstration of solid grasp and ability to perform in the subject area, including familiarity with regulatory and market-based issues related to Financial Services for market-based environmental compliance programs;
- Identification of any technical barriers/anticipated major difficulties, and recommendations for their resolution; and
- Demonstration of ability to work with organizations responsible for designing and implementing market-based environmental compliance mechanisms.

B. Fee Proposal Evaluation

Final Fee Proposals will be evaluated by WCI, Inc. based on the following:

The technically qualified proposal that has the lowest final fee proposal shall be given a maximum Fee Proposal score of 100 points. All other technically qualified proposals will receive a Fee Proposal score calculated as the ratio of the lowest final fee proposal to the Proposer's cost, multiplied by the maximum cost estimate points available (100).

C. Requested Revisions to WCI, Inc.'s Standard Agreement

Any Proposer's requested revisions to WCI, Inc.'s Standard Agreement will be evaluated to determine whether the revisions are acceptable to WCI, Inc. Proposers should be prepared to explain their requested revisions.

7. General RFP Information

7.1. Questions and Answers

All questions regarding this RFP 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 RFP 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 RFP. 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 RFP, the English version shall control.

7.2. 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 RFP 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.

7.3. 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.

7.4. No Right to Protest or Liability

Proposers understand that this RFP 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 this 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 RFP, including the RFP'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.

7.5. Proposer's Responsibilities

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Proposers should carefully examine the entire RFP, with special attention to all Tasks requirements listed in **Appendix A: Scope of Work** and Response requirements previously described. Proposers shall investigate obstacles that might be encountered while planning and in performance 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 RFP, Proposers should review their response, correct all errors, and confirm compliance with the RFP's requirements.

All costs and expenses incurred by the Proposer in connection with this RFP, 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 RFP is unfairly restrictive, contains errors or discrepancies, or is otherwise unclear. Notification must be made immediately upon receipt of the RFP 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 must be qualified to do business in any jurisdiction where services will be performed at the time the contract is executed and during the entire term of the contract.

7.6. Signature Requirements

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

7.7. Disposition of Responses

Upon opening the Responses, all materials submitted in response to this RFP 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.

8. Attachments

Attachment A: Statement of Work

Attachment A1: Frequently Asked Questions

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 current California-Québec Joint Auctions currently held on a quarterly basis;
- **Jurisdiction-Specific Allowances Auctions ("Jurisdiction Specific Auctions")**, such as the upcoming two (2) to four (4) Nova Scotia Auctions starting in June 2020;
- **Potential Jurisdiction-Specific Reserve Sales** (e.g., California Reserve Sale, Québec Sale by Mutual Agreement, Nova Scotia Sale by Agreement).

All Financial Services should be designed such that new jurisdictions can be efficiently added in a cost-efficient manner, and without requiring extensive redesign or changes to existing services.

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 the different contractors will be required.

The Contractor (in cooperation with any affiliated entities or subcontractors) must have an official presence (physical 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 the Services both 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 to understand the nature of the relationship, management structures as they relate to the project, see clearly demarcated responsibilities and to gain an appreciation of the synergies and advantages to the Services that the partnership will provide.

All Financial Services must be conducted in accordance with the program regulations in effect for WCI, Inc. Participating Jurisdictions (currently: California, Québec and Nova Scotia). If any instruction from WCI, Inc. or the Participating Jurisdictions is unclear, incomplete, or inconsistent with program regulations, other data, or instructions provided to Contractor, 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.

WCI, Inc. and Participating Jurisdictions will work with Contractor(s) to develop processes and 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 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 the processes, procedures, systems, reports, outreach and training materials, and any other materials needed to provide the 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- and post-Auction and Reserve Sale services, account structure, management of cash and physical bid guarantees and payments, currency exchange, proceeds distribution, and consigning entity account set up and payments (as applicable), and financial settlement of Auctions.

All Financial Services, including the account structure proposed for the Financial Services, must be in full compliance with all applicable national, provincial or state 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 also reducing the impact to the greatest degree possible to 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 physical bid guarantees and payments submitted by all Auction participants as well as the management of Participating Jurisdiction funds. Information required from potential Auction applicants and the Participating Jurisdictions may be impacted by the proposed account structure or data required for compliance with banking regulations.

Financial Services administration described in this RFP 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 regulatory requirements for access, including meeting all applicable know-your-customer requirements. The Auction application process begins in the Market Registry. The Contractor will have access to potential applicant 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, and consigning entities. Data in the file include the following:
 - a) Entity Data including Entity Legal Name, Entity Operating Name, Entity Type, Market Registry Account Number, physical 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 close of an Auction. Data in the file include 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 Physical 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 the Financial Services account number and cash holdings for each entity. The file includes up to one record for each entity.
 - b) Upload Entity Physical Bid Guarantee holdings: This file is used to upload the non-cash, physical bid guarantee holdings for each entity. The file includes one record for each physical bid guarantee received from each entity.
- 4) **For Consignment Services (as applicable):**
 - a) Access to Consignment Wiring Instruction Report: This file provides data in a 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 consigning entity 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 the Market Registry access. The Contractor will have access to qualified bidder 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 include 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. Set up and management of 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. Receipt, management, and reporting of cash and physical bid guarantees specific to each Participating Jurisdiction's regulatory provisions.
 - c. Receipt and management of 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 of 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 Administrator.
 - 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 physical bid guarantee documents for bidders that fail to

make payment.

- vi. Returning physical bid guarantee instruments through secure delivery.

b. Currency Exchange

- i. Provide currency exchange services including alternatives for exchange of funds (U.S. dollars (USD) to Canadian dollars (CAD) and/or CAD to USD) through multiple transaction types.
- ii. Currency exchange services should be designed to meet the following goals:
 - 1. Reduce potential loss related to changes in exchange rates for each Auction and over time;
 - 2. Allow exchange based on a 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 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, and 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. Transfer funds to, or receive 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 direction 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. In the event any processes and procedures developed in Task 2 are not meeting the agreed-upon objectives, the processes and procedures will be modified accordingly.

2.4 Support Processes and Materials

Contractor must also provide support processes and materials, including:

1. Developing systems including databases and/or reports (or provide and adapt any existing systems the Contractor already owns) required to support the approved processes and procedures, and reporting requirements.
2. Develop communications, outreach, and training materials that complement or integrate into outreach and training materials developed and provided by the Contractor conducting Auction services and the Participating Jurisdictions. The materials anticipated to be needed include the following:
 - 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 in the course of providing 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 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 specific to the Financial Services.

- a. Providing consistent contacts, phone and email, for the 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 and voluntary participants registered in Québec).
 - c. Creating documents to collect information (e.g., form to collect information required from General Market Participant, Individual) and outreach material to explain example physical bid guarantee requirements (e.g., example letter of credit, 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 included 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 bid guarantee and financial settlement payment. As a result, phone and email inquiries can be expected to equal up to one hundred percent of the number of applicants for each event.
 - f. In the case of consigning services, provide support to consigning entities.
4. If requested by WCI, Inc., cooperating with the Participating Jurisdictions and Auction Administrator 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., the Participating Jurisdictions, and Auction Administrator.
 6. Reviewing public notices and training materials developed by WCI, Inc., the Participating Jurisdictions, and Auction Administrator 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](#)), also including similar documents specific to Reserve Sale.
 7. In the event any processes and procedures developed in this task cannot meet the agreed-upon objectives, including KYC, the processes and procedures will be modified accordingly.

2.5 Reporting Requirements

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

1. Financial Services reports are required to transmit Financial Services account and bid guarantee data to the 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 the Financial Services account number and cash holding for each entity. The file includes up to one record for each entity.

- b. Upload Entity Physical Bid Guarantee holdings: This file is used to upload the non-cash, physical bid guarantee holdings for each entity. The file includes one record for each physical 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 (as applicable), 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 Administrator, and other reports are required to be generated by the Contractor. In many cases the data available to the FSA are 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 are uploaded directly into the Market Registry by the Contractor and is populated into the Application Report. These data are 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 available from Participating Jurisdictions or the Auction Administrator. 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. For Consigning Services (as applicable), Entity Consignment Data would also be included.

Reports may be developed to be specialized by topic and phase of an event (pre or post) or may be developed to include several topics or phases of an event with data populated as data becomes available. Final report titles and formats will be developed through discussions with WCI, Inc., Participating Jurisdictions, and the Contractor. 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 with both USD and CAD data. Specific data may differ for an Auction or Reserve Sale. As an example, an Auction will report a settlement price, while for a Reserve Sale a tier or category price will be reported. A description of the specific data reported in each data category listed above is provided below:

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 o Return Wire Instruction

General Data Category	Specific Data to be Included
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"> o Cash Bid Guarantee Amount o Physical Bid Guarantee Type(s) (LOC, LOG) o Physical Bid Guarantee Amount(s) o Bid Guarantee Amount Total o Bid Guarantee Deposit Date(s) o Bid Guarantee Amount Total Update Date o Physical Bid Guarantee Expiration Date
Entity Financial Settlement Data	<ul style="list-style-type: none"> - For Auction <ul style="list-style-type: none"> o Current Auction Successful Bid Quantity o Future Auction Successful Bid Quantity o Settlement Price (Current) o Settlement Price (Advance) - For Reserve Sales <ul style="list-style-type: none"> o Successful Bid Quantity (Tier 1/Category A) o Successful Bid Quantity (Tier 2/Category B) o Successful Bid Quantity (Tier 3/Category C) o Tier/Category Price (Tier 1/Category A) o Tier/Category Price (Tier 2/Category B) o Tier/Category Price (Tier 3/Category C) - Total Successful Bid Cost (distinguished by currency for Joint Auctions) - Amount Owed by FSA - Amount Owed by Participant - Cash Payment Received (distinguished by currency for Joint Auctions) - Cash Payment Received Date - Physical Bid Guarantee Draw Date - Total Payment Received - Cash 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
Currency Exchange Data (Joint Auctions Only)	<ul style="list-style-type: none"> - Physical Bid Guarantee Return Date - 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 Nova Scotia (Current) - Total Allowances Sold Nova Scotia (Advance) - Settlement Price (Current) - Settlement Price (Advance) - Auction Exchange Rate - Total CAD Paid to Québec (for Joint-Auctions) - Total CAD Paid to Nova Scotia (for Stand-Alone Auctions) - Total USD Paid to CARB (for Joint-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 Nova Scotia 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 financial and transaction services are coordinated with other cap-and-trade services (e.g., Auction Administrator) and develop a procedure to ensure confidentiality of data and that data security meets all the Participating Jurisdictions' data security requirements. Sharing of data may require the use of specific software and encryption requirements. As an example, access to the Market Registry data requires software that can open encrypted files based on AES-256 encryption.

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

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 and 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. 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 applicant and applicant data from the Market Registry that is required to perform the Financial Services. Additional data on corporate structure of entities can be provided by the staff of the Participating Jurisdictions if required for the Contractor's account establishment process.

¹Separate management of funds will be required for Joint Auctions, Jurisdiction-Specific Auctions and Reserve Sales as these events can overlap. The Contractor will work with the Participating Jurisdictions to ensure systems and processes can support the acceptable mechanisms for payment guarantees allowed by the Participating Jurisdictions' regulations and that all required terms and conditions for bid guarantees and payments are met.

1. Set up and manage the Financial Services accounts
 - The Contractor will work in coordination with WCI, Inc. and the Participating Jurisdictions to conduct the process to establish accounts on behalf for 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 persons 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 review of the entity's ownership and list of controlling persons in order 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 the entity submits an Auction or Reserve Sale application for participation in subsequent Auctions or Reserve Sales, the Contractor will verify that there is a Financial Services account(s) associated with

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. The data collected by each Participating Jurisdiction is respectively outlined on the California [Corporate Associations and Structure Form](#), the Québec [Structure and Business Relationships Disclosure Form](#) and the Nova Scotia [Business Relationship form](#). The primary data made available includes: Name and Addresses of Your Entity's Directors and Officers, Names and Address of Persons with Voting Rights, and Parent and Subsidiary Companies.

the entity based on the Market Registry ID and Entity Legal Name.

- Account Management. Financial Services accounts must be able to be updated in case of a change in 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 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. Receipt and management of bid guarantees
 3. Receipt and management of bid guarantee return instructions
 - Return instructions for excess funds or physical bid guarantee instruments is 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 will need to ensure that entities are timely notified if bid guarantee return instructions are amended or revised for any reason.
 - Bid guarantee return instructions, including a Bank Routing Number (ABA Routing Number of Canadian Transit Number) and account number, must be securely transmitted. In cases where funds are submitted in error and must be returned, but return instruction are not available through the Market Registry, Contractor must provide a secure means of receiving information from authorized entity representatives.
 4. Receipt and management of consigning entity proceeds distribution instructions (applicable only if consignment services permitted by Participating Jurisdiction)
 - Consigning entities may provide instructions through the Market Registry for the receipt of proceeds or may need a secure manner in which to provide these directly to the Contractor. Systems and processes should be developed to address both potentials and allow for confirmation and updates as needed.
 - Consigning entity proceeds distribution instructions must be securely transmitted. Contractor 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. In the event that an unacceptable form cannot be amended by the

submission deadline, the Contractor will notify the Participating Jurisdictions as appropriate, and will return the guarantee directly to the party identified in the Auction application for return of bid guarantees per the instructions of the appropriate Participating Jurisdiction.

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 example, bid guarantees for Québec and Nova Scotia entities must be in one or a combination of the following forms: cash (wire transfer); or 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 Québec entities) or by a body corporate to which the Trust and Loan Companies Act applies (for Nova Scotia entities). For California entities bid guarantees must be in one or a combination of the following forms: cash (wire transfer); or 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 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 be able to 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 physical 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 physical 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

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Services account information. Upon receipt and deposit of the applicant's bid guarantee(s), a daily report(s) will be provided to the Participating Jurisdictions to indicate the amount(s) and type(s) of bid guarantee(s) received and, for Joint Auctions, the currency of participation. For participants registered under a Canadian provincial program in a Joint Auction, the Contractor 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 the Participating Jurisdictions, distribute Auction or Reserve Sale proceeds to the 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 the 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 the Participating Jurisdictions, or the Auction Administrator. The Auction Administrator will be responsible for reporting to the Participating Jurisdictions the results of the Auction or Reserve Sale (awards and prices) and, after the Participating Jurisdictions' approval, and after notification of results has been provided to participants, the Auction Administrator will make available awards and financial settlement instructions to the Contractor through a financial settlement report. For Auction events, bidders may have been successful in the Current Auction or Advance Auction or both, and financial settlement must allow for settlement of all amounts due in one transaction. 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 is required to be completed within 7 calendar days after certification of the Auction. For those entities that provided cash bid guarantees, the funds on deposit will be applied to any amounts owed. Entities that provided physical bid guarantees and are successful in an Auction are required to submit cash payment by wire transfer within 7 days after certification of the Auction. If cash is not received by the deadline date and time, the physical 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 to Participating Jurisdictions of the status of financial settlement. 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 physical bid guarantee instrument(s), and the currency of the funds used for settlement. The sum of all payments received in CAD will reflect the sum of all total successful bid costs for CAD participants as provided in the financial settlement report from the Auction Administrator. The sum of all payments received in USD will reflect the sum of all total successful bid costs for USD participants as provided in the financial settlement report provided from the Auction Administrator. If excess funds are received for payment, the Contractor 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 currency exchange required, and documentation of final funds available for distribution, the Participating Jurisdictions will provide direction 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 and the amount of CAD to be distributed to Québec (or Nova Scotia for stand-alone Auctions). 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:

- Conduct financial settlement (including confirmation and statements), complete currency exchange, and process distribution of proceeds.
- Auction and Reserve Sale
 - After each Auction 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 physical 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 Final Reconciliation Report additionally confirming all proceeds

distributed showing complete financial settlement reconciliation of the event.

- For Jurisdiction-Specific Auctions, 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 the 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 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 change in entity data
 - Any Financial Services Account Data adjustments made to any entity(ies) accounts (e.g., changes in Bid Cash Bid Guarantee Amount, Physical Bid Guarantee Amount, Bid Guarantee Amount Total) to reflect data entry errors, or other data adjustments
 - Bid Guarantees returned

- Cash
- Physical bid guarantee instruments
 - Letter of Credit
 - Letter of Guarantee
 - Bond
- Range and average number of days required for bid guarantee return from date of event certification
 - Cash
 - Physical 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 responsibility of the Contractor 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 efficiently added in a cost-efficient manner, and without requiring extensive redesign or changes to existing services. If redesign or changes to existing services are required due to unique services needed by a new jurisdiction, these additional services will be discussed and budgeted before any work commences.

Under this task the Contractor must provide a description of activities to be conducted to bring in a new jurisdiction, including whether any custom design and development activities must occur. Contractor must specify all materials needed to address the addition of new jurisdictions, including additional support resources needed and potential costs estimated with the addition of one or more new jurisdictions. Contractor should assume that any new jurisdiction follows the same format and approach used for California, Québec and Nova Scotia services.

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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 payments services must be in full compliance with all applicable national, provincial or state and local laws and regulations.

The majority of consigning entities are electrical distribution utilities and natural gas suppliers (consigning entities) in California while in Nova Scotia, any entity can consign allowances. These entities provide proceeds payment wiring instructions 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 Nova Scotia, no more than twenty-five (25) consigning entities are expected to consign in any given Auction.

There can be other consigning entities related to allowances from closed accounts or other sources as described in the California or Nova Scotia Regulation. In these cases, proceeds payment wiring instructions cannot be provided through the Market Registry. The Contractor must therefore have a secure process to request that consigning entities provide wire instructions for 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 (California or Nova Scotia) 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 of the consigning entities, and 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 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 Final Post Auction Reconciliation Report.

Québec does not allow consigned allowances, so this task currently applies only to California and Nova Scotia. For expansion of services, the Contractor must have a process to request that consigning entities provide new or confirm existing wire instructions for delivery of payment of proceeds from the sale of allowances successfully sold in the given Auction.

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

Task 6: Other Activities as Directed

Additionally, during the course of 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 put them in place, and the plan for transitioning the service to a new provider.
2. Conference call and webinar to present the Transition Plan to WCI, Inc. and the new service provider.
3. Hand-off transition assistance during the transfer of Financial Services to the new service provider.
4. Electronic, editable copies of all materials developed to provide Financial Services, including any process and procedure documentation, training materials, scripts, reference materials, related materials, and Support Procedures Manual. The electronic format for the materials shall be specified by WCI, Inc. to ensure compatibility with standard business software such as Microsoft Office. These materials shall be provided at a minimum of one month prior to the end of the Contractor's 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 planning of the transition.

Task 7- Deliverables

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

Attachment A-1 Frequently Asked Questions

The following questions and answers were issued for the Canadian Financial Services Administrator RFO (Issued on December 21, 2018) and have been updated for this RFP.

1. French

1.1 Is bidding and interpreting bids, and/or determining compliance for the bid process expected to also be communicated in French? Please describe any other operational requirements of the Financial Services Administrator (FSA) expected to be communicated in French.

As specified in this RFP, French support services for Québec entities from the FSA includes the following:

- Establishing and verifying bank accounts and related exchanges with each entity to complete associated know your customer (KYC) requirements;
- Review, assess, accept and draw upon any financial bid guarantees (letter of credit and letter of guarantee, and any associated follow-up if changes are required for acceptance or if someone wants to know the status of the review of his financial bid guarantees;
- Any follow-up required with a participant to ensure payment or draw on a financial bid guarantee, if needed, once an Auction has been certified, and the FSA has been instructed to do so;
- Provide all material required by Participating Jurisdictions, including providing input (e.g. wire instructions and delivery & return instructions for letter of credit) or reviewing (i) Auction public notices and (ii) Auction Training materials/presentations.

The FSA will not be responsible to interpret bids or determine compliance in the bid process in any form. The interpretation of bids and determination of compliance in the bid process is conducted as a component of "Auction administration," which is managed by a separate WCI, Inc. contractor. The FSA will be responsible to interpret and determine compliance of bid guarantees and financial settlement.

1.2 Do you require legal documents to be in French? If so, is WCI, Inc. willing to pay for external legal counsel?

Yes, legal documents in French will be required for Québec entities. All proposers should be prepared to hire their own legal counsel to review any legal documents or materials to be provided within the course of the FSA, including but not limited to financial bid guarantees (letter of credit and letter of guarantee).

2. As we face limitations in contracting with individuals, we understand we would be signing the contract with WCI, Inc., while participants to Auctions may include individuals; can you better describe how this would work?

- 2.1 Presumably we would be receiving cash from them and returning it to them. Would this flow through WCI, Inc. to distribute to the individuals?

No. The successful proposer will be responsible for establishing bank accounts to accept bid guarantees and to return excess bid guarantees to individuals based on the direction provided by the Participating Jurisdictions.

3. Could you provide further clarity regarding the discretionary duties required of the FSA throughout the Auction process? Would the FSA role include to administer the rules and regulations of the Auction not on instruction but as Administrator?

No, the FSA will not be required to administer the rules and regulations of the Auction. The “Auction administration” is managed by a separate WCI, Inc. contractor.

Regarding its discretionary duties, the FSA should take the necessary steps to complete the required AML and KYC activities as required under law within Canada and the United States.

4. Would the FSA would be required to do the following:

- 4.1 Open a bank account in the name of an individual person?

Individuals are eligible to participate in the cap-and-trade programs and the FSA should be prepared to open bank accounts for an individual person.

- 4.2 Receiving funds from an individual person?

Yes.

- 4.3 Return funds to an individual person?

Yes, unused cash bid guarantees (or funds received in excess of amounts due for allowance won) would need to be returned to any individual person participating in an Auction.

- 4.4 Potentially receive calls from an individual person on issues related to the bank account, etc. and if so, would it be required that the FSA employee responsible to take these calls speak French?

Yes, for services provided in Québec, the FSA should be prepared to receive calls from individuals in French.

5. Third Parties

5.1 We understand that the governing contract will be between the Proposer and WCI, Inc. Through our analysis we believe that a formal agreement may be required between each entity in order to govern onboarding/Anti-money laundering (AML), know your customer (KYC) and privacy in accordance with the Participating Jurisdictions. Please expand on the existing contractual relationship between each third party.

The FSA should take the necessary steps to complete the required AML and KYC activities as required under law within the Participating Jurisdictions. A formal agreement would be required between the FSA and each entity only if required under law within Participating Jurisdictions.

6. Market Registry

6.1 We would ideally like to work with the Market Registry to fulfill some or all of our onboarding requirements, KYC/AML/ ID collection. Please define the Market Registry's role in detail, including current onboarding procedures with the existing FSA.

The KYC/AML/ID collection process is completed outside of the Market Registry by each Participating Jurisdiction. Entity registration information is collected in the Market Registry and made available to the FSA in an Event Application Report.

Entities participating in the cap-and-trade market must have a Market Registry account. Auction applications are submitted in the Market Registry. The FSA has access to reports with information on each entity that has applied to an upcoming Auction.

As stated in the Statement of work for Task 3:

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

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

6.2 Does the Market Registry provide the wire instructions for entities receiving distributions? And do receiving entities currently go through the full onboarding procedure, including opening an account?

Only Participating Jurisdictions and consigning entities offer allowances for sale and receive proceeds from allowances sold.

Participating Jurisdiction wiring instructions are not provided through the Market Registry. The FSA must establish procedures to securely receive these wiring instructions from Participating Jurisdictions.

Most consigning entity wiring instructions are provided through the Market Registry to the FSA. Although uncommon, in cases where wiring instructions for entities consigning allowances cannot be provided through the Market Registry, the FSA must establish procedures to securely receive these wiring instructions.

A consigning entity that does not participate in an Auction (i.e. only consigns allowances for sale) is not required to open a bank account with the FSA since there is no need to deposit a bid guarantee with the FSA. Currently, consigning entities only apply to California and Nova Scotia.

6.3 Please provide a sample of the documentation that the Market Registry currently collect.

As described under **section 2.1 Market Registry Integration**, reports are available through the Market Registry. Entity information currently collected in the Market Registry is downloaded by the FSA in the Auction Application Report. This report is available in a comma separate value (CSV) format and includes, but is not limited to, 1) Entity Application Data and 2) Entity Financial Services Account Data. These data categories are detailed on pages 26-29 of the current RFP.

Additionally, information is collected by Participating Jurisdictions outside of the Market Registry and outlined in the list of public documents available from the [California Cap-and-Trade Program](#), [Québec Carbon Market Website](#) and the [Nova Scotia cap-and-trade Regulations Page](#), regarding participant's registration to the cap-and-trade program:

Forms and Sample letter templates (Québec)

- [Application form to opt-in](#) (French)
- [Attestation of verification of identity and designation](#)
- [Financial institution confirmation letter](#) (sample)
- [Cross-jurisdiction user](#)
- [Structure and Business Relationships Disclosure Form](#)

Forms and Sample letter templates (Nova Scotia)

- [Identity verification and attestation form](#)
- [Letter from a financial institution template](#)
- [Letter of authorization template](#)
- [Cross jurisdiction user](#)
- [Business relationship disclosure form](#)

In case of a need for Consignment services, public documents used to collect information from participants for registration under the California Cap-and-Trade Program can be found on the [Market Registry Information webpage](#). Public information for consignment in Nova Scotia can be

found on [Nova Scotia Environment's website](#).

6.4 Does the Market Registry have the flexibility to collect documents in line with each Financial Institution's specific requirements?

The Market Registry cannot collect documents in any form.

6.5 Does the program require specific AML/KYC/Clients contracts, or can the Financial Institution acting administrator utilize their existing collateral?

The FSA should take the necessary steps to complete the required AML and KYC activities as required under law within the Participating Jurisdictions. A client contract would be required between the FSA and each entity only if required under law within Participating Jurisdictions.

6.6 If yes, we assume that bank standard onboarding documents will be non- negotiable by the participants, please confirm?

Yes.

6.7 We would like to request a sample of the Auction results data file that the FSA contractor would obtain from the Auction administrator or download/upload from the Market Registry.

Auction Results data are generated by the Auction Administrator and downloaded by the FSA to obtain results of an Auction for each entity and to begin the financial settlement process. This report in XLS format includes essentially the following data categories for which specific data are also detailed on this pages 26-29 of the current RFP:

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

Samples of existing reporting may be provided upon request to proposers after they submit an initial response.

6.8 As it pertains reporting, it is my understanding the financial administrator is to upload a reconciliation file to the Market Registry and the jurisdictions involved. We would like to understand the file types (E.g. BAI, EDI 821), communication methods and encryption (e.g. FTP/PGP) that the Market Registry and the jurisdictions support.

As indicated under the Reporting Requirements section starting on page 25 of the current RFP the reconciliation files are not uploaded to the Market Registry but are transferred by secure FTP:

- Upon completion of all the required payments, the Contractor must provide a final reconciliation report by secure FTP to Participating Jurisdiction(s) conducting the Auction/Reserve Sale.
- 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.

Pre-Auction and Reserve Sale reconciliation reports provide Financial Services information for Auction and Reserve Sale applicants to Participating Jurisdictions, including, but not limited to, 1) Entity Application Data and 2) Entity Financial Services Account Data. These data categories are detailed on pages 26-29 of the FSA RFP. These data include data provided by the FSA including Entity Financial Services Account information and cash holdings, as well as Entity Physical Bid Guarantee holdings, which are uploaded into the Market Registry by the FSA. Currently, reconciliation reports are provided in an XLS format. Files uploaded into the Market Registry are in a CSV format.

Additional information on file types, secure means of communication and encryption supported by the Market Registry and the Participating Jurisdictions may be further discussed during the upcoming individual proposers' presentation and conference.

6.9 Page 29 of the FSA RFP provides AES-256 as an example, which other types of encryption are supported?

No additional information on encryption can be disclosed publicly in order to protect program and application security.

7. Other jurisdictions:

7.1 Please provide a list of prospective jurisdictions within North and South America.

WCI, Inc. is unable at this time to disclose a list of all of the jurisdictions that may be evaluating whether to utilize the services offered through WCI, Inc.

8. Auction:

8.1 Do all participants open accounts with the current Financial institution?

Yes, all Auction participants need to establish an account with the FSA in order to deposit a bid guarantee for each Auction.

8.2 Which party provides the decision on whether a participant qualifies to enter the Auction, and which party informs the financial administrator of qualification?

The respective Participating Jurisdiction where Auction applicants are registered (e.g. Québec, California, and Nova Scotia) is responsible for final approval of Auction applicants. The FSA is notified of all participants approved to participate in an Auction through the Auction Application Report available from the Market Registry, once a determination is made. Additionally, the financial settlement report available through the Auction Administrator includes only entities approved to participate in an Auction.

8.3 Please outline the province of Québec's role in the Auction.

As a Participating Jurisdiction, Québec (like California and Nova Scotia) is responsible for the following activities during the typical Auction process:

1. Publish the Auction Notice (60 days ahead of the Auction event);
2. Monitor event applications and bid guarantees submitted (Daily exchange of information with the FSA);
3. Approve Auction Applicants (2 days ahead of an Auction event);
4. Determine Auction Exchange Rate (1 day ahead of an Auction event);
5. Monitor bidding activity (in real time during an Auction event);
6. Confirm to run the Auction settlement (once the bidding window is closed);
7. Confirm the Auction Results;
8. Certify the Auction Results, Publish Auction Results and Submit Currency Exchange Request to FSA (7 days after an Auction event);
9. Review result of currency exchange and determine proceeds to be paid to Participating Jurisdictions and consigning entities; Review daily reconciliation reports of financial settlement & financial bid guarantee returns (information received from the FSA); and provide direction to FSA to pay proceeds to Participating Jurisdictions and consigning entities (14 days after an Auction event);
10. Ensure all proceeds are received and allowances are transferred to successful bidders in the Market Registry and close the Auction in the Auction Platform (26 days after an Auction event);

9 Consignment Services:

9.1 Please define consignment services and explain the process or provide a process flow-chart.

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Consignment services used by California and Nova Scotia are described on page 39 of the current RFP.

The [California Cap-and-Trade Regulation](#) provides that allowances are allocated annually to electrical distribution utilities and natural gas suppliers. Each calendar year, these entities must offer for sale at Auction all allowances that have been placed in its Limited Use Holding Account (LUHA). The vast majority of consigning entities are California electrical distribution utilities and natural gas suppliers with access to a LUHA account. These entities provide wiring instructions through the Market Registry.

Potentially other parties as described in the [California Cap-and-Trade Regulation](#) may consign allowances, but do not have a LUHA account. If an entity consigning allowances does not have a LUHA account, then the entity cannot provide wiring instructions through the Market Registry. If Consignment services are needed, the FSA must establish procedures to securely receive wiring instructions from entities consigning allowances.

As indicated in its regulation, Nova Scotia will also use consignment services. The FSA must establish procedures to support Nova Scotia consignment services. All participants registered in Nova Scotia's cap-and-trade program will have LUHAs.

9.2 What jurisdictions use consignment services? Do Québec participants require this option?

Québec does not allow consigned allowances, so this task currently applies only to California and Nova Scotia.

As Nova Scotia plans to hold Auctions two (2) to four (4) times per calendar year, starting in 2020, it will also use consignment services (to know more refer to [Nova Scotia Cap-and-Trade Program Regulations](#)). Nova Scotia will have approximately 26 entities participating in its program and they will all have a LUHA account.

As new jurisdiction may join in the future, they may also use consignment services

9.3 Are participants who utilize consignment currently required to open accounts with the FSA?

No, if they only consign allowances for sale, they do not need an FSA account. An FSA account is required if they also participate in an Auction to purchase allowances.

10 Daily reconciliations

10.1 Please provide additional process details (or samples reconciliations) on “Daily reconciliations status reports” and “Complete full reconciliation of accounts”

Samples of process details regarding daily reconciliation may be provided upon request to proposers after they submit an initial response.

Pre-Auction and Reserve Sale reconciliation reports are required to provide Financial Services information for Auction and Reserve Sale applicants to Participating Jurisdictions. These reports summarize entity application information provided to the FSA in the Market Registry and information provided by the FSA, including, but not limited to, 1) Entity Application Data and 2) Entity Financial Services Account Data. The FSA uploads data into the Market Registry including Entity Financial Services Account information, cash holdings, and Entity Physical Bid Guarantee holdings.

Post-Auction and Reserve Sale reconciliation reports provide financial settlement information to Participating Jurisdictions concerning Auction and Reserve Sale applicants and qualified bidders, including, but not limited to: 1) Entity Application 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.

11 Program documentation

11.1 Please provide an itemized list of documentation that needs to be created by the proposer if successful.

The list of specific deliverables for each task is presented and detailed in Attachment A: Scope of work of the current RFP.

11.2 Please confirm that all documentation is required in both English and French, or only participant facing documentation?

All participant facing documentation must be provided in both English and French (for Québec entities). Internal documentation (e.g. regarding internal processes and procedures) may be provided only in English.

12 Reporting – Please provide samples of all existing reporting.

Specific timing and FSA reporting requirements for Pre-Auction and Reserve Sale, Post-Auction and Reserve Sale, and Interim and Final Reconciliation Report, including general data categories and specific data to be included in each report, are detailed on page 26-29 of the current RFP.

Samples of existing reporting may be provided upon request to proposers after they submit an initial response.

13 AML/KYC – If an applicant does not meet the Administrator’s AML/KYC/Onboarding requirements, is there an existing process in place that can be leveraged?

The FSA should take the necessary steps to complete the required AML and KYC activities as required under law within Canada and the United States. If the FSA cannot complete the process to establish an account for an entity in time to submit a bid guarantee by the 12 days due date before an Auction event, then the entity cannot meet the requirement to submit a bid guarantee. Any inability to establish an account to record Financial Services data for an entity must be reported to the respective Participating Jurisdiction.

14 Is there or has there been any taxable events associated with the program?

WCI, Inc. is unable to provide any information related to potential taxable events specific to Participating Jurisdictions, Auction participants, or consigning entities as WCI, Inc. does not have information available.

15 Please provide examples of potential conflicts of interest that the program is concerned with.

Examples of potential conflicts of interest would include:

- The entity submitting a proposal is registered under a Cap-and-Trade Program.
- The entity submitting a proposal has a business relationship (or is otherwise affiliated) with an entity that is registered under a Cap-and-Trade Program.

Attachment B Standard Agreement (“Agreement”)

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