



## Canadian Financial Services for Auctions and Reserve Sales

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

**Solicitation Schedule**

Events	Date	Time
Solicitation Released	December 21, 2018	N/A
Proposers' Conference	January 23, 2019	1:00 p.m.
Deadline to Submit Written Questions	January 30, 2019	8:00 p.m.
Responses to Questions Issued	February 13, 2019	
Final Date to Submit Initial Response	February 20, 2019	8:00 p.m.
Proposer Presentations and Conferences	February 25 to March 8, 2019	
Final Date to Submit Final Response	March 22, 2019	8:00 p.m.

Questions or concerns regarding this solicitation must be directed via email to:

Eric Turcotte, Assistant Executive Director

Email: [eturcotte@wci-inc.org](mailto:eturcotte@wci-inc.org) (cc: [rfp@wci-inc.org](mailto:rfp@wci-inc.org))

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## 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, our Participating Jurisdictions (as defined below) have established the largest carbon market in North American and the only multi-sector cap-and-trade program managed by governments from two (2) different countries, the United States and Canada. The WCI partnership covers a population of more than 50 million people and about 3 trillion USD / 4 trillion CAD in gross domestic product (GDP).

WCI, Inc. is fully funded and directed by the governments using its services. The Board of Directors for WCI, Inc. currently includes officials from the provinces of Quebec and Nova Scotia, and from the State of California (each a “Participating Jurisdiction” and, collectively, the “Participating Jurisdictions”). Because each Participating Jurisdiction specifies its regulations and administrative requirements, the services provided by WCI, Inc. are customized and expand to support the evolving needs of its Participating Jurisdictions. Additionally, WCI, Inc. also may need to support jurisdictions that join in the future.

The primary cap and trade services administered and developed by WCI, Inc. through the use of distinct specialized contractors include:

- The Financial Services Administration, the focus of this solicitation, which requires the receipt of bid guarantees and financial settlement of accounts (*i.e.*, transferring the payments from the accounts of allowance purchasers to the accounts of sellers) for auctions and reserve sales;
- The Compliance Instrument Tracking System Service (“[CITSS](#)”), which serves as a single market registry for all Participating Jurisdictions;
- The Auction and Reserve Sale Administration, which provides a [GHG allowance auction and reserve sale platform](#) used by each jurisdiction to auction emission allowances under their respective cap-and-trade programs; and
- The Market Monitor, which performs independent analyses to support market oversight performed by each Participating Jurisdiction.

To learn more about WCI, Inc.’s recent activities, please refer to the WCI, Inc. [2017 Annual Report](#). Further detail on the California and Quebec joint auctions can be found in the [Detailed Auction Requirements and Instructions](#), the [Auction Examples](#), the [Auction and Reserve Sale Notices](#), and other materials posted on the websites of each Participating Jurisdiction, including similar documents specific to reserve sales.

Québec	California
<ul style="list-style-type: none"><li>• <a href="#">Carbon Market</a></li></ul>	<ul style="list-style-type: none"><li>• <a href="#">Cap-and-Trade Program</a></li></ul>
<ul style="list-style-type: none"><li>• <a href="#">Emitters and Participants</a></li></ul>	<ul style="list-style-type: none"><li>• <a href="#">Auction Information</a></li></ul>
<ul style="list-style-type: none"><li>• <a href="#">Auction Information</a></li></ul>	<ul style="list-style-type: none"><li>• <a href="#">Reserve Sale Information</a></li></ul>
<ul style="list-style-type: none"><li>• <a href="#">Reserve Sale (Sale by Mutual Agreement)</a></li></ul>	

Nova Scotia joined WCI, Inc. in May 2018 to support the administration of its new cap and trade carbon pricing program separately from the linked programs of California and Quebec. Based on its [Regulatory Framework](#), released on November 14, 2018, Nova Scotia plans to hold auctions two (2) to four (4) times per calendar year, starting in 2020. To learn more about Nova Scotia’s Cap and Trade Program see <https://climatechange.novascotia.ca/>.

## PURPOSE OF THIS SOLICITATION

WCI, Inc. is seeking an experienced and qualified contractor to develop and provide financial services administration, including corporate trust services and other tasks further described in this solicitation (“Financial Services”) that are required to prepare and conduct the Canadian financial services activities of its provincial GHG allowances auctions and reserve sales (collectively, “Auctions”).

The Financial Services requested are required to support only the Canadian Participating Jurisdiction Auction activities related to: (a) the implementation of multi-jurisdiction joint allowances auctions (“Joint Auctions”), such as the current California-Quebec Joint Auctions which are held on a quarterly basis, and (b) jurisdiction-specific reserve sales as needed.

WCI, Inc. currently contracts with Deutsche Bank North American Trust Company (“Deutsche Bank”) to provide both the Canadian-based and United States-based financial services. The proposer ultimately awarded the contract under this solicitation (“Contractor”) will be expected to be able to coordinate efforts and cooperate with Deutsche Bank, or provide contingency services further described in Task 5, as needed.

Financial services administration described in this solicitation require coordination and integration with other WCI, Inc. services including [CITSS](#), the Auction and Reserve Sale Administrator, and the United States-based financial services administrator. These services are managed by separate third-party contractors. To ensure limited impact on Participating Jurisdictions and other WCI, Inc. services, Canadian-based financial services need to be consistent and compatible with current U.S. -based financial services.

The Contractor may need to expand the Financial Services to support other jurisdiction-specific allowance Auctions or Joint Auctions with more jurisdictions.

The Financial Services namely require holding funds on behalf of each auction participant (“Participant”) and Participating Jurisdictions to complete transactions for allowances purchased at any auction. As such, the Contractor must provide corporate trust services in a manner that exposes Participants 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.

## SERVICES TO BE PROVIDED

WCI, Inc. expects the Contractor to be able to provide all services that are separated into the six (6) “tasks” summarized below. Where applicable, proposers should identify whether the proposer, an affiliated entity, or a subcontractor will perform the particular Financial Services. More detail for each Task is included in [Attachment A: Statement of Work](#). 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.

### Task 1: Develop Final Work Plan and Schedule for Implementation

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 2: Develop Processes and Procedures for Canadian Financial Services

The purpose of this Task is to develop all of the processes, procedures, systems, reports, outreach and training materials, and any other materials needed to provide Financial Services.

The Contractor will prepare Processes and Procedures Documents describing the steps and requirements needed to provide Financial Services for Joint Auctions, and jurisdiction-specific auctions and reserve sales. Processes and procedures should include all aspects of Financial Services, including pre- and post-auction and reserve sale corporate trust services. A Financial Services account structure must be set-up in a flexible manner to provide Canadian-based financial services, as well as U.S.-based financial services including consignment services in case of a need for contingency services, that are in compliance with all applicable banking regulations.

All Financial Services, including the account structure proposed for the Canadian corporate trust services, must be in full compliance with all applicable Canadian federal and provincial 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.

### Task 3: Auction/Reserve Sales Corporate Trust Services

#### **Pre-Auction/Reserve Sales Services.**

The application process currently begins in [CITSS](#), which is managed by a third party contractor. The Contractor will have access to potential applicant and applicant data from CITSS that is required to perform the Financial Services.

Separate 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. Financial guarantees submitted by entities are specific to the jurisdiction in which the entity is registered and must be in one or a combination of the forms allowed by the regulations of the Participating Jurisdictions. For example, bid guarantees for Quebec 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). Any non-cash bid guarantee must be issued by a bank constituted under the Bank Act or by a financial services cooperative constituted under the Act applicable to financial services cooperatives.

The Contractor will restrict participation to Canadian dollars during jurisdiction-specific auctions and reserve sales for a Canadian province. For Joint Auctions, the Contractor for Canadian-based financial

services will allow participation from entities registered under a Canadian provincial program in USD or CAD. Any Canadian-registered entity must select the currency for Joint Auction participation at the time the application for the Auction is submitted in CITSS and may not change this selection at any time. Upon receipt and review of bid guarantees, bid guarantees will be placed on account and, if applicable, held in the Contractor's vault with the value of the holdings reflected on the account. The Contractor 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.

#### **Post-Auction/Reserve Sales Services**

After each Auction, the Contractor shall process payments from successful bidders, including drawing on a physical bid guarantee, if required; return any unused bid guarantee amounts or physical bid guarantee instruments; conduct currency exchange transactions as directed by the Participating Jurisdictions; distribute auction or reserve sale proceeds to the Participating Jurisdictions; and provide daily reconciliation status reports, and complete a full reconciliation of accounts.

After an Auction 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 by accessing the Auction Platform managed by the Auction Administrator. The Auction Administrator, a separate WCI, Inc. contractor, is responsible for reporting to the Participating Jurisdictions the results of the event (awards and prices) and, after the Participating Jurisdictions' approval, and after notification of results has been provided to participants, the Auction Administrator makes available auction results data to the Contractor through a financial settlement report. Therefore, the Contractor will not have to manage the Auction, but rather ensure financial settlement after the results have been certified by the Participating Jurisdictions.

After an Auction is certified by the Participating Jurisdictions, the jurisdictions will require currency exchange services. The province of Quebec must receive its proceeds in Canadian dollars and the state of California must receive its proceeds in US dollars. Therefore, a part of the Auction proceeds may have to be converted from one currency to the other to ensure the Canadian provinces and US state(s) receive their proceeds in the appropriate currency. This process may also require funds in either CAD or USD to be transmitted to, or received from, the U.S.-based Financial Services Administrator (currently Deutsche Bank).

Specific timing and reporting expectations are further detailed in the Statement of Work (Attachment A).

#### **Task 4: New Jurisdictions**

The purpose of this Task is to ensure Contractor will be able to add new jurisdictions during the Contract term if additional jurisdictions 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.

### Task 5: Contingency Services

This Task addresses the need for the Contractor to provide contingency services if requested by WCI, Inc. Current contingency services include all Task 3 pre-auction and reserve sale and post-auction and reserve sale services for U.S. -based financial services. Contingency services also includes consigning entity setup and payments. All contingency services must be in full compliance with all applicable national, provincial or state and local and regulations.

Quebec does not allow consigned allowances so this task currently applies only to California. Although these services are not currently necessary for the Canadian-based financial services, because a new Canadian province may join and because Contractor must be able to provide such services on a contingency basis, or for expansion of services, WCI, Inc. requests that the Contractor plan to be able to provide these services, if needed. The Contractor must therefore 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.

### Task 6: 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 Financial Services. This Task will be initiated as directed by WCI, Inc. but the expectation is for the transition services to commence no later than four (4) months before the end of the Contractor's Contract term.

## Financial Services Administration Integration with other WCI, Inc. Services

Financial services administration described in this solicitation require coordination and integration with other WCI, Inc. services including [CITSS](#), the Auction and Reserve Sale Administrator, and the United States-based financial services administrator. To ensure limited impact on Participating Jurisdictions and other WCI, Inc. services, Canadian-based financial services needs to be consistent and compatible with current U.S. -based financial services.

Financial services are required for auctions and reserve sales. The primary documents used by Participating Jurisdictions to provide auction and reserve sale information include Auction and Reserve Sale Notices and supporting documents. The supporting documents provide additional background information, detailed instructions, and examples.

The access to systems and data and the level of integration required to complete financial settlement for auctions and reserve sales is described further below.

### **CITSS Integration**

The Canadian-based financial services administrator staff will require access to CITSS and must meet all regulatory requirements for access, including meeting all applicable know-your-customer requirements. The auction application process begins in CITSS. The Contractor will have access to potential applicant and applicant data from CITSS that is required to perform the Financial Services. When access is granted to CITSS 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, CITSS 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 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 physical bid guarantee received from each entity.
- 4) For contingency services only:
  - 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.

#### **Auction and Reserve Sale Administrator Integration**

The Canadian-based financial services administrator staff will require access to the [Auction and Reserve Sale Administrator platform](#). To gain access the staff must have an active CITSS account and must meet all regulatory requirements for CITSS 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 and Reserve Sale Administrator 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

## MINIMUM QUALIFICATIONS

To be eligible to submit a response to this solicitation, proposers must:

- have an official financial services presence (meaning a physical location) in Canada;
- be able to provide all required Financial Services in French and English, in accordance with all applicable national, provincial or state and local laws and regulations of WCI, Inc. and the Participating Jurisdictions;
- be a Financial institution regulated by the Canadian Office of the Superintendent of Financial Institutions (“OSFI”) or by the Autorité des marchés financiers (AMF).

## RESPONSE REQUIREMENTS & SUBMISSION

### **Initial Responses**

For this solicitation, 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.

### **General Requirements for a Proposer’s Response.**

Responses (either Initial or Final) to this solicitation 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 solicitation. Compliance with the solicitation’s instructions is mandatory for a Response to be considered for award. Failure to comply with the solicitation’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 solicitation, 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](mailto:rfp@wci-inc.org) by the deadline set forth in the Solicitation Schedule. The format must be text-searchable and not a scanned or “image only” document. Responses received after the applicable deadline will not be considered.
- 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 solicitation. The Response must be complete and accurate. Omissions, inaccuracies, or misstatements, or a failure to meet the requirements of the solicitation 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
	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 General Terms and Conditions

### 1. Title Page

The Title Page must include the following information:

Title: [Solicitation name]  
Solicitation No. \_\_\_\_\_  
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 [Solicitation No. \_\_\_\_\_], including any addenda. Through submission of this proposal, we agree to all the terms and conditions of the solicitation, 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 solicitation, 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 financial services presence in Canada by having a physical office location in [**Identify location(s)**]; (2) is able to provide all required Financial Services in French and English, in accordance with all national, provincial or state and local laws and regulations of WCI, Inc. and the Participating Jurisdictions; and (3) is a Financial institutions regulated by the Canadian Office of the Superintendent of Financial Institutions (OSFI) or by the Autorité des marchés financiers (AMF).

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 offer by the Proposer for a period of one-hundred and eighty (180) days after submission of the Response.

### **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 solicitation. 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 Deutsche Bank, 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 that is a covered entity, a General Market Participant in the Auctions, 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.

### **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 the solicitation for the Financial Services. An 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-Quebec Joint Auctions on an annual basis and up to four (4) separate reserve sales may be held per year in both California and Quebec. If certain conditions are met, the reserve sales may occur, however, no reserve sale has ever been held because prerequisite conditions required by regulation to hold such events have never been satisfied. During the duration of the Contract for these Financial Services, it is possible that additional Jurisdiction-specific auctions and reserve sales will be required if any new jurisdiction joins.

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 or reserve sale participants. For the total estimated costs, for the purpose of planning only, the following assumptions can be made for the performance period for the contract.

Joint Auctions:

- 30 Canadian-based applicants
- 100 U.S.-based applicants, applicable to contingency services only

Reserve Sales:

- 20 Canadian-based applicants
- 20 U.S.-based applicants, applicable to contingency services only

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 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 (2) and up to five (5) account representatives that may bid on behalf of the entity.

<b>Table A - Cost of Services (Planning and Expected Tasks Not dependent on the Number of Auction Participants)</b>	<b>Cost (\$)</b>
<b>Task 1.</b> Develop Final Work Plan and Schedule for Implementation	
<b>Task 2.</b> Develop Processes & Procedures for Canadian Financial Services	
<b>Task 4.</b> New Jurisdictions (Cost per Jurisdiction)	
<b>Task 6.</b> Transition Out	
<b>Total Costs (Planning Tasks)</b>	<b>\$</b>

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

Table C – Cost of Contingency Services (Financial Services for Auctions/Reserve Sales 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 (\$)
<b>Task 5. Auction/Reserve Sales Corporate Trust Services</b>					
<i>[Insert Tiers for Number of Auction Applicants/Participants (e.g., Fees if 0-20 applicants, 21-50 applicants, etc.)]</i>					
<i>[Insert Tiers for Consignment Services - Number of Consigning Entities (e.g., Fees if 0-20 entities, 21-50 entities, etc.)]</i>					
Add additional rows as needed.					

## 5. Proposer’s Requested Revisions to WCI, Inc.’s General Terms and Conditions

Proposers must submit any requested revisions to the General Terms and Conditions 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” offer as WCI, Inc. will evaluate the extent of these requested revisions. WCI, Inc. understands that proposers may have standard terms for certain services due to legal and regulatory requirements; please include such terms along with requested revisions to the General Terms and Conditions.

### Final Responses

After providing a presentation to WCI, Inc. and before the deadline to submit the Final Response, an 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](mailto: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.

## EVALUATION PROCESS

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

### 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.

### 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 (2) 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.

### Final Response Evaluation

WCI, Inc. will evaluate all Final Responses and may elect to enter into a contract with a proposer 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 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 the selected proposer, WCI, Inc. may, at its sole discretion at any time, terminate contract negotiations with that proposer and either negotiate with the proposer offering the next highest value or choose to terminate the solicitation and not enter into a contract with any of the proposers.

There are two (2) main components to the evaluation of the Final Response: (i) the Technical Evaluation; and (ii) the Fee Proposal Evaluation.

### Technical Evaluation

WCI, Inc. will evaluate each Proposer's Final Response to provide Financial Services in accordance with the requirements outlined in this solicitation. The Proposer's Final Response must include all information required by this solicitation. 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: 70 Points
3. Requested Revisions to WCI, Inc.'s General Terms and Conditions: 30 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.

#### 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).

## GENERAL SOLICITATION INFORMATION

#### Solicitation Schedule

The solicitation will follow the Solicitation Schedule set forth at the beginning of the solicitation. WCI, Inc. reserves the right to modify or cancel this solicitation, 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. WCI, Inc. reserves the right to modify or cancel this solicitation in whole or in part.

#### Questions and Answers

The Proposer's Conference will familiarize proposers with the solicitation and its requirements. All questions regarding this solicitation must be submitted in writing by the deadline, or at the Proposers' Conference. All relevant questions will be formally answered by WCI, Inc. and shared with proposers. All questions submitted via e-mail will be posted with responses on the WCI, Inc. website at: <http://wci-inc.org/index.php> on or before the date indicated in the Solicitation Schedule. Only information issued in writing by WCI, Inc. as an official notice should be relied upon.

All questions regarding this solicitation must be directed via email to:

Eric Turcotte, Assistant Executive Director  
Email: [eturcotte@wci-inc.org](mailto:eturcotte@wci-inc.org) (with a cc: [rfp@wci-inc.org](mailto:rfp@wci-inc.org))

#### 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 solicitation or excuse the proposer from full compliance with all requirements if the proposer is awarded the Agreement.

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.

#### 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. A Proposer may thereafter submit a new complete Response, prior to the final date for proposal submission. Proposals may not be withdrawn without cause after the proposal submission deadline.

#### No Right to Protest or Liability

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

#### Proposer's Responsibilities

Proposers should carefully examine the entire solicitation, with special attention to the Tasks and Response requirements. 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 solicitation, Proposers should review their response, correct all errors, and confirm compliance with the solicitation's requirements.

All costs and expenses incurred by the Proposer in connection with this solicitation, 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 solicitation is unfairly restrictive, contains errors or discrepancies, or is otherwise unclear. Notification must be made immediately upon receipt of the solicitation so that the matter may be fully considered, and appropriate action may be taken by WCI, Inc.

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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.

Signature Requirements

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

Disposition of Responses

Upon proposal opening, all materials submitted in response to this solicitation 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.

## ATTACHMENTS

Attachment A: Statement of Work

Attachment B: Budget Detail and Payment Provisions

## 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 and transactional corporate trust administration services for greenhouse gas ("GHG") auctions (hereafter referred to as "Financial Services") for WCI, Inc. and its Canadian Participating Jurisdictions. These Financial Services will mainly cover the Canadian activities of multi-jurisdiction joint auctions ("Joint Auctions"), such as the California-Québec Joint Auctions held on a quarterly basis – and potential jurisdiction-specific auctions, as well as eventual jurisdiction-specific reserve sales (e.g., Québec Sale by Mutual Agreement) (collectively, auctions and reserve sales are referred to as "Auctions").

All Financial Services must be conducted in accordance with the program regulations in effect for WCI, Inc. Participating Jurisdictions (currently: Québec, Nova Scotia and California). 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 Canadian Participating Jurisdiction accounts and all entity accounts for entities registered under the Participating Jurisdiction programs. The U.S.-based financial services contractor (currently, Deutsche Bank) provides such services for all U.S. Participating Jurisdiction accounts and all entity accounts for entities registered under the Participating Jurisdiction programs.

The Contractor (in cooperation with any affiliated entities or subcontractors) must have an official presence in Canada and must provide all required Financial Services in accordance with all applicable national, provincial or state and local laws and regulations of the Participating Jurisdictions. An official presence in Canada is defined as having physical locations in Canada that operate in accordance with all pertinent national, provincial, local laws and regulations.

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

The scope of work consists of six (6) tasks as described below for the Financial Services.

### 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.

The Contractor shall provide the following deliverables for this Task:

- 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 Canadian Financial Services

The purpose of this Task is to develop all of 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 Joint Auctions, and jurisdiction-specific auctions and reserve sales. Processes and procedures should include all aspects of Financial Services, including pre- and post-auction and reserve sale corporate trust services, account structure, management of cash and physical bid guarantees and payments, currency exchange, proceeds distribution, and consigning entity account set up and payments (only in the case of contingency services or scope expansion ), 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 Canadian auction participants as well as the management of 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.

Processes and Procedures Required. These processes and procedures for Financial Services must fully describe:

1. Pre-auction and reserve sale corporate trust services including:
  - a. Set up and management of financial services accounts:
    - i. Process to receive, manage, and update entity and representative information for potential actual applicants for each event;
    - ii. Process to complete financial qualification process, as required by applicable banking regulations, including requesting and receiving required entity information and completing any required due diligence review to comply with Canadian banking regulations (e.g., know-your-customer (KYC) requirements).
  - b. Receipt, management, and reporting of cash and physical bid guarantees specific to each jurisdiction's regulatory provisions.
  - c. Receipt and management of bid guarantee return instructions.
  - d. Transmitting Entity Financial Services Account Data to Participating Jurisdiction by uploading data directly into CITSS, 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 corporate trust services, currency exchange, and reporting/reconciliation services including:
  - a. Corporate trust
    - 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.

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- 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 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 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, Deutsche Bank, 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. For contingency services or scope expansion only, distributing proceeds to consigning entities.
- d. Reconciliation/Reporting
  - i. Reporting of pre-auction financial services account information, including bid guarantee type and amount data for auction applicants to Canadian 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 Canadian 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.

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

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- the Contractor already owns) required to support the approved processes and procedures, corporate trust services, 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 Canadian 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 and specific to entity and individual account holders).
    - 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 contingency services or scope expansion only,
      - 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 Canadian Participating Jurisdictions.
    - b. Providing contact information including phone and email contact to support questions in English and in French.
    - 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 jurisdiction webpages. The Contractor will assist in developing language included in these documents specific to Canadian Financial Services and review and comment on 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 contingency services or scope expansion, provide support to consigning entities.
  4. If requested by WCI, Inc., cooperating with the Participating Jurisdictions and Auction Administrator to participate in a test Joint Auction(s) for Canadian participants and/or test jurisdiction-specific reserve sale to demonstrate and exercise the procedures and capabilities for Financial Services.
  5. Providing support services in English and French.
  6. Providing all participant materials in English and French to WCI, Inc., the Participating Jurisdictions, and Auction Administrator.
  7. Reviewing public notices and training materials developed by WCI, Inc., the Participating Jurisdictions, and Auction Administrator as needed. Current auction and notices, including the "[Detailed Auction Requirements and Instructions](#)" and the "[Auction Examples](#)" as well as [training presentations](#) are available from each Participating Jurisdiction's web pages, including similar documents specific to reserve sales.
  8. 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.

Reporting Requirements. As described previously, Contractor must provide specific reports described below:

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1. **Financial Services reports** are required to transmit entity financial services account and bid guarantee data to the Participating Jurisdictions. There are two (2) files used for reporting by uploading data directly into CITSS:
  - a. Entity 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 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 contingency services or scope expansion only, 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 contingency services or scope expansion only, **Entity Consignment Data reports** would be required to track information for consigning entities in each auction.

As described under Financial Services Administration Integration with other WCI, Inc. Services, reports are available to the Contractor through CITSS 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 CITSS 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. Entity Financial Services Account Data are uploaded directly into CITSS by the Contractor and is populated into the Application Report. These data are uploaded directly into CITSS. The Entity Data, Entity Application Data, and Entity 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 includes 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 contingency services or scope expansion only, 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"> <li>- Summary Data</li> <li>- Entity Data</li> <li>- Entity Application Data</li> </ul>



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	<ul style="list-style-type: none"> <li>- Entity Financial Services Account Data</li> <li>- Entity Consignment Data (if applicable)</li> </ul>
Post-Auction and Reserve Sale	<ul style="list-style-type: none"> <li>- Summary Data</li> <li>- Entity Data</li> <li>- Entity Application Data</li> <li>- Entity Financial Services Account Data</li> <li>- Entity Financial Settlement Data</li> <li>- Summary Financial Settlement Data</li> </ul>
Interim and Final Reconciliation	<ul style="list-style-type: none"> <li>- Summary Data</li> <li>- Entity Data</li> <li>- Entity Application Data</li> <li>- Entity Financial Services Account Data</li> <li>- Entity Financial Settlement Data</li> <li>- Summary Financial Settlement Data</li> <li>- Currency Exchange Data (Joint Auctions Only)</li> <li>- Proceeds Distribution Data</li> <li>- Entity Consignment Data (if applicable)</li> </ul>

The Contractor will need to be able to report with both USD and CAD data. Specific data may depend on the corporate trust services and 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"> <li>- Report Date</li> <li>- Report Name</li> <li>- Auction Name (Reserve Sale Name)</li> <li>- Date Report Generated</li> </ul>
Entity Data	<ul style="list-style-type: none"> <li>- CITSS Entity ID Number</li> <li>- Entity Legal Name</li> <li>- Entity Operating Name</li> </ul>
Entity Application Data	<ul style="list-style-type: none"> <li>- Expected Bid Guarantee Type(s) (Cash, Letter of Credit (LOC), Letter of Guarantee (LOG))</li> <li>- Currency</li> <li>- Bid Guarantee Return Instructions <ul style="list-style-type: none"> <li>○ Return Mailing Address</li> <li>○ Return Wire Instruction</li> </ul> </li> </ul>
Entity Financial Services Account Data	<ul style="list-style-type: none"> <li>- Financial Services Account Number</li> <li>- Form(s) of Bid Guarantee Submitted</li> <li>- Bid Guarantee Submittal Data <ul style="list-style-type: none"> <li>○ Cash Bid Guarantee Amount</li> <li>○ Physical Bid Guarantee Type(s) (LOC, LOG)</li> <li>○ Physical Bid Guarantee Amount(s)</li> <li>○ Bid Guarantee Amount Total</li> <li>○ Bid Guarantee Deposit Date(s)</li> <li>○ Bid Guarantee Amount Total Update Date</li> <li>○ Physical Bid Guarantee Expiration Date</li> </ul> </li> </ul>

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General Data Category	Specific Data to be Included:
Entity Financial Settlement Data	<ul style="list-style-type: none"> <li>- For Auctions <ul style="list-style-type: none"> <li>○ Current Auction Successful Bid Quantity</li> <li>○ Future Auction Successful Bid Quantity</li> <li>○ Settlement Price (Current)</li> <li>○ Settlement Price (Advance)</li> </ul> </li> <li>- For reserve sales: <ul style="list-style-type: none"> <li>○ Successful Bid Quantity (Tier 1/Category A)</li> <li>○ Successful Bid Quantity (Tier 2/Category B)</li> <li>○ Successful Bid Quantity (Tier 3/Category C)</li> <li>○ Tier/Category Price (Tier 1/Category A)</li> <li>○ Tier/Category Price (Tier 2/Category B)</li> <li>○ Tier/Category Price (Tier 3/Category C)</li> </ul> </li> <li>- Total Successful Bid Cost (distinguished by currency for Joint Auctions)</li> <li>- Amount Owed by FSA</li> <li>- Amount Owed by Participant</li> <li>- Cash Payment Received (distinguished by currency for Joint Auctions)</li> <li>- Cash Payment Received Date</li> <li>- Physical Bid Guarantee Draw Date</li> <li>- Total Payment Received</li> <li>- Cash Transferred to Jurisdiction Accounts (CAD)</li> <li>- Cash Transferred to Jurisdiction Accounts (USD)</li> <li>- Cash Transferred to Jurisdiction Accounts Date</li> </ul>
Summary Financial Settlement Data	<ul style="list-style-type: none"> <li>- Total USD Cash Available in Joint Auction Settlement Account</li> <li>- Total CAD Cash Available in Joint Auction Settlement Account</li> <li>- Total Cash Transferred to Jurisdiction Accounts (CAD)</li> <li>- Total Cash Transferred to Jurisdiction Accounts (USD)</li> </ul>
Bid Guarantee Return Data	<ul style="list-style-type: none"> <li>- Bid Guarantee Return Email Notification Date</li> <li>- Cash Returned to Bidder</li> <li>- Cash Return Date</li> <li>- Physical Bid Guarantee Return Date</li> </ul>
Currency Exchange Data (Joint Auctions Only)	<ul style="list-style-type: none"> <li>- FSA Exchange Rate (Multiple)</li> <li>- Currency Amount Sold</li> <li>- Currency Sold (CAD or USD)</li> <li>- Currency Amount Purchased</li> <li>- Currency Amount Purchased (CAD or USD)</li> <li>- Exchange Transaction Date</li> <li>- Exchange Transaction Time</li> <li>- Cash Transferred from Jurisdiction Accounts (CAD)</li> <li>- Cash Transferred from Jurisdiction Accounts (USD)</li> <li>- Cash Transferred from Jurisdiction Accounts Date</li> <li>- Cash Transferred to Jurisdiction Accounts (CAD)</li> <li>- Cash Transferred to Jurisdiction Accounts (USD)</li> <li>- Cash Transferred to Jurisdiction Accounts Date</li> </ul>
Proceeds Distribution Data (Proceeds Data)	<ul style="list-style-type: none"> <li>- Total Allowances Sold ARB (Current)</li> <li>- Total Allowances Sold ARB (Advance)</li> </ul>

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General Data Category	Specific Data to be Included:
	<ul style="list-style-type: none"> <li>- Total Allowances Sold QC (Current)</li> <li>- Total Allowances Sold QC (Advance)</li> <li>- Settlement Price (Current)</li> <li>- Settlement Price (Advance)</li> <li>- Auction Exchange Rate</li> <li>- Total CAD Paid to Québec</li> <li>- Total USD Paid to ARB</li> <li>- Total USD Paid to Consigning Entities (if applicable)</li> <li>- Currency Proceeds Paid (CAD or USD)</li> <li>- Total Allowances Sold (Current)</li> <li>- Total Allowances Sold (Advance)</li> <li>- Total Auction Proceeds Paid to Consigning Entities (if applicable)</li> <li>- Total CAD Paid to Québec</li> <li>- Total USD Paid to ARB</li> <li>- Total USD Paid to Consigning Entities (if applicable)</li> </ul>
Entity Consignment Data (Currently U.S.-based services only)	<ul style="list-style-type: none"> <li>- Consigning Entity CITSS ID</li> <li>- Consigning Entity Legal Name</li> <li>- Consigning Entity Operating Name</li> <li>- Allowances Consigned</li> <li>- Consigned Allowances Sold</li> <li>- Settlement Price (Current)</li> <li>- Consignment Payment Email Notification Date</li> <li>- Total USD Paid</li> <li>- Consigning Entity Instructions for Proceeds Payment (Wire Instructions)</li> <li>- Consignment Payment Date</li> </ul>

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 of the Participating Jurisdictions' data security requirements. Sharing of data may require the use of specific software and encryption requirements. As an example, access to CITSS data requires software that can open encrypted files based on AES-256 encryption.

Finally, the Contractor must coordinate with WCI, Inc., Participating Jurisdictions and Deutsche Bank 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 Sales subtask. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

- 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 jurisdictions, total pages of materials to be developed are anticipated to be no more

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than 10 total pages)<sup>1</sup>

- For contingency services or scope expansion only, consignment services
- Final Process and Procedures
  - Pre-auction
  - Post-auction
  - Consigning Entity (applicable only if permitted by the 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)

### Task 3: Auction/Reserve Sale Corporate Trust Services

#### *Pre-Auction/Reserve Sale Services*

The application process currently begins in CITSS. As described under Financial Services Administration Integration with other WCI, Inc. Services, the Contractor will have access to potential applicant and applicant data from CITSS 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.<sup>2</sup> Separate 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., the Participating Jurisdictions to conduct the process to establish accounts for auction participants. The Contractor will have access to download entity registration details from CITSS. Where needed, Participating Jurisdictions will provide the Contractor with additional entity registration details not available in CITSS, including the name and address of each auction and reserve sale applicant's directors and officers, and a list of persons controlling over 10% of the voting rights attached to all the outstanding voting securities of the registering entity. The Contractor 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

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<sup>1</sup> Contractor must provide training materials in both English and French.

<sup>2</sup> Additional registration data including data specific to corporate structure is reported to jurisdictions in hardcopy form and may be made available to the Contractor as needed for procedures to establish accounts. The data collected is outlined on the [Corporate Associations and Structure Form](#) available from Jurisdiction web pages. The primary data made available includes: Name and Addresses of Your Entity's Directors and Officers, Names and Address of Persons with Voting Rights, and Parent and Subsidiary Companies.

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- 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 the entity based on the CITSS 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 CITSS (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 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 CITSS 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 CITSS, 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 jurisdiction)
    - Consigning entities may provide instructions through CITSS for the receipt of proceeds or may need a secure manner in which to provide these directly to the Contractor. 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 entity financial services account and bid guarantee amount data to CITSS
    - 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 CITSS. Through CITSS, the financial services information will be transmitted to Participating Jurisdictions.
    - Systems and procedures should support tracking and reporting updates on established accounts to CITSS 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.

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Financial guarantees submitted by entities are specific to the jurisdiction in which the entity is registered and must be in one or a combination of the forms allowed by the regulations of the Participating Jurisdictions. For example, bid guarantees for Quebec 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 or by a financial services cooperative constituted under the Act applicable to financial services cooperatives. For contingency services only, California entities 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 U.S. banking laws and bank practices.

Contractor will restrict participation to Canadian Dollars (CAD) during jurisdiction-specific auctions and reserve sales for a Canadian province. For Joint Auctions, the Contractor for Canadian-based financial services will allow participation from entities registered under a Canadian provincial program in USD or CAD. Any Canadian-registered entity must select the currency for Joint Auction participation at the time the application for the auction is submitted and may not change this selection after the application period is closed. Upon receipt and review of bid guarantees, bid guarantees will be placed on account and, if applicable, held in the Contractor's vault with the value of the holdings reflected on the account. The Contractor 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.

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 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 Sales subtask. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

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

#### *Post Auction/Reserve Sale Services*

After each quarterly 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/or 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

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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.

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 (U.S. qualified bidders for Deutsche Bank and Canadian qualified bidders for Contractor), the amount due from each qualified bidder, the total amount of the bid guarantee submitted, the funds received from each bidder to pay for the allowances purchased in the auction, the status of the return of excess funds or physical bid guarantee instrument(s), and the currency of the funds used for settlement. The sum of all payments received in CAD will reflect the sum of all total successful bid costs for CAD participants as provided in the financial settlement report from the Auction Administrator. The sum of all payments received in USD will reflect the sum of all total successful bid costs for USD participants as provided in the financial settlement report provided from the Auction Administrator. If excess funds are received for payment, the Contractor 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 sales) and six (6) business days (for auctions) 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 Quebec. 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.
- Auctions

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- 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 Report. The interim reconciliation reports will confirm all entity payments received, bid guarantees returned, currency exchange requests completed, and funds available for proceeds distribution.
  - Final Reconciliation Report. The Contractor will provide a final reconciliation report additionally confirming all proceeds distributed showing complete financial settlement reconciliation of the event.
- For jurisdiction-specific auctions, the Contractor will provide documents and reports to the appropriate 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.
- Reserve Sales
  - After each jurisdiction-specific reserve sale is certified, the Contractor will receive and process payments from successful reserve sale 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. The interim reconciliation reports will confirm all entity payments received, bid guarantees returned, currency exchange requests completed, and funds available for proceeds distribution.
    - Final Reconciliation Reports. The Contractor will provide a final reconciliation report additionally confirming all proceeds distributed showing complete financial settlement reconciliation of the event.
- Processing Distribution of Proceeds
  - The Contractor will be provided with instructions for the distribution of auction/reserve sale proceeds by the 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 Auctions and Reserve Sales Data, including:
    - Event applications processed
      - Number of total auction and reserve sale applicants
      - Number of new financial services accounts established



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- Range and average number of days to establish new accounts
  - Number on prior financial services accounts verified
  - Number on prior financial services accounts requiring updated account assessment due to change in entity data
  - Any Financial Services Account Data adjustments made to any entity(ies) accounts (e.g., changes in Bid Cash Bid Guarantee Amount, Physical Bid Guarantee Amount, Bid Guarantee Amount Total) to reflect data entry errors, or other data adjustments
- Bid Guarantees returned
  - Cash
  - Physical bid guarantee instruments
    - Letter of Credit
    - Letter of Guarantee
- 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
- For contingency services or scope expansion only, consigning entity payments completed.
- 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.

- 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 or Canadian provinces 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

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any new jurisdiction follows the same format and approach used for California and Québec. Also, the Contractor can assume that any new U.S. jurisdiction will fall under the responsibility of Deutsche Bank and any new Canadian jurisdiction will fall under the Contractor's scope of Financial Services.

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

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

- 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: Contingency Services

This Task addresses the need for the Contractor to provide contingency services if requested by WCI, Inc. The contingency services include all Task 3 pre-auction and reserve sale and post-auction and reserve sale services for U.S. -based financial services. Contingency services also includes consigning entity setup and payments. All contingency services must be in full compliance with all applicable national, provincial or state and local laws and regulations.

Quebec does not allow consigned allowances, so this task currently applies only to California. Although these services are not currently necessary for the Canadian-based financial services, because a new Canadian province may join and because Contractor must be able to provide such services on a contingency basis, or for expansion of services, WCI, Inc. requests that the Contractor plan to be able to provide these services, if needed. The Contractor must therefore 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.

#### Consigning Entity Setup and Payments

The vast majority of consigning entities are California electrical distribution utilities and natural gas suppliers (consigning entities). These entities provide proceeds payment wiring instructions through CITSS. No more than seventy (70) consigning entities consign in any given auction, and typically there are between forty (40) and fifty (50) consigning entities. There can be other consigning entities related to allowances from closed accounts or other sources as described in the California Regulation. In these cases proceeds payment wiring instructions cannot be provided through CITSS. 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, California 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 California. Upon direction from California, 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 California and not to be shared with other Participating Jurisdictions or WCI, Inc.

The primary services required for California as a contingency include the following:

1. Log in to CITSS 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 CITSS.
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.

#### Task 6: 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.

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

## Attachment B: Budget Detail and Payment Provisions

### A. Invoicing and Payment

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

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

Costs for travel will be incurred and charged for on a cost-reimbursable basis, at cost, and only if duly authorized in writing by the WCI, Inc. Project Manager in advance and per WCI, Inc. policies.

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

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

### B. Budget Detail

[Insert budget detail from Contractor's Cost Proposal. Add necessary info here if contractor cost proposal is confidential.]