

California Air Resources Board  
February 2013 Auction  
Bidders' Conference  
and  
Auction Participant  
Training Webinar

Thursday, January 10, 2013  
10:00 am – 12:00 pm

# Bidders' Conference and Training Webinar Agenda

- Introduction
  - Overview of Changes Since November 2012 Auction
  - Auction Summary
  - Auction Process and Participation
  - Bid Guarantee Requirements
  - Purchase and Holding Limits
  - Bid Limitations
  - Settlement Price and Winning Bids Determination
  - Market Monitoring
  - Auction Results and Settlement
  - Auction Consignment
  - Questions and Answer Session #1
  - Auction Participant Training Session

# Introduction

- AB 32 requires California to reduce greenhouse gas emissions to 1990 levels by 2020.
- The Cap and Trade Regulation (“Regulation”) is a key element of California’s climate plan.
- The Regulation is designed to provide covered entities the flexibility to seek out and implement the lowest-cost options to reduce emissions.
- As part of the Cap-and-Trade Program, ARB holds allowance auctions to allow market participants to acquire allowances directly from ARB.
  - First auction was conducted November 14, 2012
  - Second auction is scheduled for February 19, 2013

# Changes Since November 2012 Auction Overview

- CITSS entry required to indicate intent to participate in Auctions
  - Must be selected for information to be provided to Auction Administrator regardless of previous participation in an auction
- Representative Assignments
  - Additional account representatives allowed per entity
  - Multiple entity associations per individual user
- Application and Intent to Bid Process
  - New participants – auction application
  - Prior approved auction participants – confirmation of Intent to bid
- Auction Platform
  - Security questions must be established
  - Password must be changed every 60 days
  - Bid confirmation

# February 2013 Auction Summary

- GHG Allowances Offered for Sale in the February 2013 Auction
  - Current Auction (2013 vintage) 12,924,822
  - Advance Auction (2016 vintage) 9,560,000
- Reserve Price
  - \$10.71 for both Current Auction and Advance Auction
- Administrative Requirements
  - Eligibility: California covered entities, opt-in covered entities, and voluntarily associated entities
  - Entities must have an approved CITSS account
- Auction Format
  - Electronic, internet-based Auction Platform
  - Single-round, sealed-bid auction format
  - Bid quantities can only be submitted in multiples of 1,000 California GHG allowances

# Auction Process and Participation

- Auction Schedule
- Auction Format
- Auction Eligibility
- Auction Conduct
- Auction Participation
- Auction Application or Intent to Bid
- CITSS Auction Participation Selection
- Auction Bidding

# February 2013 Auction Schedule

Activities	Date	Time
Auction application window closes in the Auction Platform	Tuesday, January 22, 2013	11:59 PM PT
All bid guarantees due to Financial Service Administrator	Thursday, February 7, 2013	No later than 2:00 PM PT
ARB approves auction participants and participants notified	Friday, February 15, 2013	No later than 5:00 PM PT
Auction held	Tuesday, February 19, 2013	Bidding window open from 10:00 AM – 1:00 PM PT

To participate in the February 2013 auction, a PAR or AAR must complete an auction application (first time participant) or intent to bid (previous participant) prior to the auction application window closing.

# February 2013 Auction Schedule (cont.)

Activities	Date	Time
Public notice of auction results released	Friday, February 22, 2013	12:00 (Noon) PT
Notification of financial settlement invoice sent to auction participants	Friday, February 22, 2013	12:00 (Noon) PT
Financial settlement in cash due to Financial Services Administrators	Friday, March 01, 2013	No later than 2:00 PM PT
Financial settlement complete	Wednesday, March 06, 2013	
Transfer of allowances into CITSS Accounts	Friday, March 08, 2013	12:00 (Noon) PT
Auction proceeds distributed	Monday, March 11, 2013	

# Auction Format

- The February 19, 2013 auction is scheduled to take place from 10:00 AM Pacific Time (PT) until 1:00 PM PT.
- The number of GHG allowances that will be available for sale during the February 2013 auction are:
  - Current Auction (2013 vintage): 12,924,822
  - Advance Auction (2016 vintage): 9,560,000
- Reserve Price: USD \$10.71 (for both the Current Auction and Advance Auction)

# Auction Eligibility

- California covered entities, opt-in covered entities, and voluntarily associated entities are eligible to participate in the February 2013 GHG allowance auction.
- Prior to participating in an auction, the Primary Account Representative (PAR) and at least one Alternate Account Representative (AAR) that will be authorized to bid on behalf of entities eligible to participate in the auction must be approved users in the Compliance Instrument Tracking System Service (CITSS) and the entity must have an entity account in the CITSS.
- An entity representative must have indicated the entity's intent to participate in the CITSS by selecting the box on the Auction Tab accessible through the CITSS Account Detail button from any account page.

# Auction Conduct

- An entity shall not release any confidential information related to its auction participation, including:
  - Qualification status
  - Bidding strategy
  - Bid price or bid quantity information
  - Information on the bid guarantee provided to the Financial Services Administrator
- If an entity participating in an auction has retained the services of an advisor regarding auction bidding strategy, then:
  - The entity must ensure the advisor does not release confidential information or share information with other auction participants
  - The entity must inform ARB that an advisor has been retained
  - Form available on ARB Auction page at:  
[http://www.arb.ca.gov/cc/capandtrade/auction/auction\\_bid\\_advisor\\_form.pdf](http://www.arb.ca.gov/cc/capandtrade/auction/auction_bid_advisor_form.pdf)

# Auction Participation

- Step 1: Apply to participate in the auction or confirm intent to bid
- Step 2: Participate in pre-auction activities
- Step 3: Submit bid guarantee
- Step 4: Participate in the auction
- Step 5: Receive auction results and remit payment

# Auction Application or Intent To Bid

- Step 1: Apply to participate or confirm intent to bid in the auction (PAR or AAR)
  - Step 1a: Confirm intent to bid
  - Step 1b: Verify entity and account representative information
  - Step 1c: Provide information on bid guarantee format
  - Step 1d: Complete attestation and submit auction application
- If entity or account representative needs to be updated, these updates must be completed in the CITSS prior to completing Step 1.
- An auction application must be submitted or intent to bid confirmed in the Auction Platform by the PAR or an AAR by no later than 11:59 PM Pacific Time on Tuesday, January 22, 2013.

# CITSS Auction Participation Selection

- To be able to participate in the February Auction, all entities and individuals:
  - Must indicate the entity's intent to participate in upcoming auctions by enabling the Auction Participation box in the CITSS.
  - The steps to enabling the Auction Participation box in the CITSS are:
    - Log into the CITSS (<https://www.wci-citss.org>)
    - Select the "View" button for your organizations General Account
    - Select the "Account Detail" button for your organization
    - Select the "Auction" tab
    - Select the "Auction Participation" box

# Auction Application or Intent to Bid

- Once account information is transferred to the Auction Administrator to facilitate participation in the February Auction, all entities and individuals:
  - Must have all representatives approved as a PAR or an AAR in the CITSS and may bid in an auction activate their Auction Platform account, or have previously activated an Auction Platform account
  - Must submit an auction application or intent to bid in the Auction Platform by no later than 11:59 PM PT on Tuesday, January 22, 2013
    - It is recommended that this be done as soon as possible
- If an entity has not previously been approved to participate in an auction, one representative must submit an auction application through the Auction Platform.
- If an entity has previously been approved to participate in an auction, one representative must confirm an intent to bid in the Auction Platform.
- For simplicity, the Auction Platform uses the term auction application whether an initial auction application or intent to bid is being submitted.

# Auction Bidding

- Auction bidding window will be open 3 hours
  - 10:00 a.m. to 1:00 p.m. PT
  - Bids submitted during 3-hour bidding window
  - Manual bid entry or upload of Excel bid schedule
- Amendments to bids
  - Bids submitted can be revised or withdrawn during the 3-hour bidding window
  - Once the bidding window closes, no further changes to bids or bid schedules are permissible

# Entity Bid Example

- When bidding in an auction, the Bid Price, Bid Lots, and Instrument Vintage are entered for each bid.
- The Bid Number of Allowances is calculated as the number of Bid Lots X 1,000.

Entity Name	Bid Price	Bid Lots	Bid Number of Allowances	Instrument Vintage
A	\$ 18.75	130	130,000	2013
A	\$ 15.25	190	190,000	2013
A	\$ 12.75	135	135,000	2013
A	\$ 10.25	125	125,000	2013

# Bid Guarantee Requirements

- Financial guarantee instruments for the February 2013 auction must be in one or a combination of the following forms:
  - Cash in the form of wire transfer or certified funds such as a bank check or cashier's check
  - An irrevocable letter of credit (LOC) from a financial institution with a U.S. banking license
  - A bank bond issued by a financial institution with a U.S. banking license
- All bid guarantees must be sent directly to the Financial Services Administrator by February 7, 2013.

# Determining Bid Guarantee

## Application of Single Bid Guarantee

- Bidders submit a single bid guarantee that would be used first for the Current Auction and any remainder applied to bids in the Advance Auction if the bidder submits bids for both auctions.
- Bid guarantee determination example:

Bidder	Bid Price	Bid Lots	Bid Number of Allowances	Total Costs
Entity E	\$ 16.30	300	300,000	\$4,890,000
Entity E	\$ 14.50	180	180,000	\$6,960,500
Entity E	\$ 12.75	85	85,000	<b>\$7,203,750</b>
Entity E	\$ 10.00	35	35,000	\$6,000,000

- Recommended bid guarantee is \$7,203,750.
- If the settlement price is \$10.00 and all allowances are won, then the bid guarantee remaining for the Advance Auction is \$ 1,203,750 (\$7,203,750 - \$6,000,000).

# Purchase Limits

- A purchase limit is the number of allowances one entity or a group of affiliated entities may purchase from the share of allowances sold at a quarterly auction.
- Purchase limits for Current Auction are:
  - 40 percent for electric utilities
  - 15 percent for other covered and opt-in entities
  - 4 percent for voluntarily associated entities
- Purchase limit for Advance Auction of future vintage allowances is 25 percent of the allowances offered for auction for all participants.

# Determining Your Purchase Limit

## Purchase Limit Calculation for Current Auction

- Multiply your category's purchase limit (electric utility, covered or opt-in entity, or voluntarily associated entity) by the total amount of allowances available for auction.
- Example: electricity distribution utility category:
  - Total number of allowances for sale = 12,924,822 allowances
  - Purchase Limit =  $12,924,822 * 0.40$
  - Purchase Limit = 5,169,929

		Purchase Limit
Electricity Distribution Utility	40%	5,169,929
Covered Entity or Opt-In covered Entity	15%	1,938,723
Voluntarily Associated Entity	4%	516,993

**Purchase limit for the Advance Auction is 25% for all entities – 2,390,000 allowances**

# Holding Limits

- Holding limit is the maximum number of California GHG allowances that may be held by an entity or jointly held by a group of entities with a direct corporate association.
- Holding limit does not apply to allowances held in the Limited Use Holding Account.

# Determining Your Holding Limit

## Holding Limit Calculation

- Holding limits are based on the following formula:
  - Holding Limit =  $0.1 * \text{Base} + 0.025 * (\text{Annual Allowance Budget} - \text{Base})$ 
    - “Base” equals 25 million metric tons of CO<sub>2</sub>e
    - “Annual Allowance Budget” is the number of allowances issued for the current budget year.
      - For 2013 the annual budget is 162,800,000 allowances.
  - Holding Limit =  $0.1 * 25,000,000 + 0.025 * (162,800,000 - 25,000,000)$
  - 2013 Holding Limit = 5,945,000 allowances

# Limited Exemption Holding Limit

- Covered entities may exclude a limited number of allowances from the holding limit calculation by placing them in their Compliance Account.
  - Cumulative calculation of an entity's compliance obligations less the number of instruments it surrenders.
- Limited exemption is increased each year by the amount of the entity's verified emissions report and is decreased at the end of the year following the close of a compliance period, after the entity has completed its triennial surrender, by entity's total surrender obligation for the compliance period.

# Limited Exemption Holding Limit Determination

## Limited Exemption from the Holding Limit Calculation

- Holding Limit = 5,945,000 + [Limited Exemption - allowances in the Compliance Account]
- If an entity's Limited Exemption is equal to 4,000,000 metric tons and it holds 1,000,000 allowances in its Compliance Account:
  - Holding Limit = 5,945,000 + [4,000,000 – 1,000,000] = 8,945,000 allowances.
- If an entity's Compliance Account balance is 4,500,000 allowances:
  - Holding Limit = 5,945,000 + [4,000,000 – 4,500,000] = 5,445,000.

# Bid Limitations

- Bid rejected if it:
  - Violates reserve price floor (\$10.71 per allowance)
- Bid rejected in lots of 1,000 if it:
  - Violates holding limit if accepted
  - Violates purchase limit if accepted
  - Exceeds bid guarantee if accepted
- Bid rejected if it does not constitute an offer to purchase allowances
  - Bid for zero lots
  - Bid or bid price of \$0
  - Bid submitted with \$0 bid guarantee submitted

# Bid Limitations (Cont.)

- If a bid is rejected due to the holding limit or purchase limit or exceeding the bid guarantee:
  - The bid that would exceed the limit is reduced in lots of 1,000 until all bid limitations are met.
  - Bid guarantee limitation is assessed at all possible settlement prices.
  - Limits are evaluated based on allowance holdings the day prior to the auction.
    - Data anticipated to be extracted at approximately Noon PT.
  - Account holders are responsible to ensure that there will be no holding limit violation once allowances are transferred after settlement.

# Bid Limitations Example

## Bid Limitations Example: Entity D

Holding Limit	5,945,000
Purchase Limit	1,560,000
Bid Guarantee	\$25,000,000

## Submitted Bids

Bid #	Bid Price	Bid Lots	Allowances	Cumulative Allowances	Cumulative Cost
Bid #1	\$17.80	900	900,000	900,000	\$16,020,000
Bid #2	\$15.20	780	780,000	1,680,000	\$25,536,000

## Qualified Bids

Bid #	Bid Price	Bid Lots	Allowances	Cumulative Allowances	Cumulative Cost
Bid #1	\$17.80	900	900,000	900,000	\$16,020,000
Bid #2	\$15.20	660	660,000	1,560,000	\$23,712,000

- At Bid #2, Cumulative Allowances are greater than Purchase Limit – bid rejected in lots of 1,000 until 660 lots.
- At Bid #2, Cumulative Costs are greater than Bid Guarantee – bid rejected in lots of 1,000 until 744 lots.

# Settlement Price and Winning Bids Determination

- Submitted bids are ranked from highest to lowest by price after close of bidding window.
- Qualified bids are filled based on bid limitations until reserve price is reached or price at which total allowances sold is equal to or exceeds total allowances offered for sale.
- If total allowances bid exceeds total allowances offered, tie breaker process is used.

# Tie Breaker Process

Entity	Bid Price	Bid Lots	Share	Allowances from Share	Random Number	Allowances Assigned Randomly
A	\$ 12.75	135	61.36%	44,181	5	1
E	\$ 12.75	85	38.64%	27,818	77	0
		220		71,999		1

- Total allowances available at settlement price is 72,000.
- Share is determined based on share of total bids at settlement price.
- Allowances from share is determined as share multiplied by available allowances (rounded down to nearest whole allowance).
- Remaining allowances randomly distributed.

# Market Monitoring

- ARB staff are actively monitoring the auctions and market activities.
- The Market Monitor will work with ARB to evaluate auctions and market activities.
- During an auction, the Market Monitor will review bidding activity and work with ARB to identify any bidding or trends of concern that may indicate manipulative or anti-competitive bidding behavior.
- After the auction, the Market Monitor will review and report to ARB on auction monitoring results.
- The Market Monitor will also review activity in the secondary markets.
- ARB staff provide final auction monitoring results to the Executive Officer.

# Auction Results

- The public auction results report including the settlement price for the February 2013 auction will be posted on the ARB website and the WCI, Inc. website once the auction has been certified.
  - The posting is anticipated to occur at 12:00 (Noon) on Friday, February 22<sup>nd</sup>.
- The auction results report provides general results and statistics of the auction or reserve sale.

# Auction Results (cont.)

- Number of allowances available at auction
- Number of allowances sold at auction
- List of qualified bidders
- Ratio of total quantity of submitted and qualified allowances bid to total allowances available for sale
- Percent of allowances won by compliance entities (this category includes opt-in entities)
- Settlement Price
- Auction Reserve Price
- Herfindahl-Hirschman Index (HHI)
- Bid Price Summary Statistics

# Auction Results (cont.)

- Auction participants will receive an email from [auctionsupport@markit.com](mailto:auctionsupport@markit.com) to notify them that results are available for the auction.
- The auction results email will include notification to download your Organization Results Report (financial settlement invoice) from the Auction Platform.

# Financial Settlement

- Successful bidders should download their Organization Results Report (settlement invoice) from the Auction Platform and submit the financial settlement amount no later than March 1<sup>st</sup>.
- The Financial Services Administrator will draw/liquidate the bid guarantees to cover any amounts due but not received from a successful bidder on March 1<sup>st</sup>, by 2:00 PM PT.
- Wiring instructions can be downloaded from the Auction Platform in the reports and templates module.
- No bank/cashiers checks will be accepted
  - Any checks received will be returned and the Financial Services Administrator will draw on the bid guarantee to settle the invoice

# Auction Consignment

- Consignment
  - Must have CITSS account to receive allowances
  - Must transfer from Limited Use Holding Account to Auction Holding Account
    - Deadline is 75 days prior to each Auction
    - Deadline was December 6, 2012 for February 2013 Auction
- Consigning Entities:
  - Check box on Auction Tab in CITSS indicating intent to participate in Auction regardless of intent to bid
  - Complete the Auction Application or Intent to Bid process in the Auction Platform to provide delivery instructions for proceeds
  - Do not submit a bid guarantee if not bidding in auction

Questions and Answers  
-Please submit questions in writing  
through the webinar software

End -  
Bidders' Conference Presentation

# Auction Participant Training Presentation

## February 2013 Auction

Thursday, January 10, 2013

# Bidders Conference and Training Webinar Agenda

- Auction Platform
  - Overview
  - Auction Platform Changes Since November
  - Auction Platform Emails
  - Auction Platform Account Activation
  - Auction Participation Overview
  - Auction Application and Intent to Bid
  - Bid Submission
  - Auction Results
- Financial Services Administration
- Auction Resources and Training Materials
- Questions and Answer Session #2

# Auction Platform Overview

- The Auction Platform has been designed to provide a state-of-the-art auction application for California's Cap-and-Trade Program.
- The Auction Platform is the central platform for administration of auction and reserve sales that has been designed and developed to integrate with the other platforms.
- The Auction Platform allows participants to apply for, post bids to, and review results for the auction and reserve sales.

# Auction Platform Overview (cont.)

- Once the auction application period is open, the representatives (PAR and AARs) will be able to access the Auction Platform to complete an application or submit an intent to bid for the entity.
  - If the representative has previously activated an Auction Platform account, they will use their established credentials to access the platform and conduct activities on behalf of all entities they represent.
  - Representatives that are first time participants will receive an account activation email.

# Auction Platform Overview (cont.)

The screenshot shows the homepage of the WCI, Inc. GHG Allowance Auction & Reserve Sale Platform. The header includes the WCI, Inc. logo and navigation links for Home, Resources, and Archive. A 'Platform User Login' form is visible on the right side of the main banner, with fields for Username and Password, a 'Remember Me' checkbox, and a 'Login' button. The main banner also features a welcome message: 'Welcome to the GHG Allowance Auction & Reserve Sale Platform'. Below the banner, there is a section for the next quarterly auction, scheduled for February 19, 2013, with a countdown timer showing 53 days, 18 hours, and 13 minutes. The current auction reserve price is listed as \$10.71 USD. The page is divided into three columns: 'Auctions and Reserve Sale Descriptions', 'About the Auctions and Reserve Sales', and 'AUCTION HIGHLIGHTS'. The 'AUCTION HIGHLIGHTS' section includes notices for the February 19, 2013 auction and releases for the November 14, 2012 auction.

WCI, Inc. Welcome, Already a User? | LOGIN | SUPPORT

Home Resources Archive

Welcome to the  
GHG Allowance Auction &  
Reserve Sale Platform

Platform User Login

Username  
Password  
Forgot your password?  
 Remember Me

The next Quarterly Auction will be held on February 19, 2013

53 18 13  
DAYS HOURS MINS

Auction Reserve Price **\$10.71 USD**

**Auctions and Reserve Sale Descriptions**

This page is the entry point for information and access to the auction and reserve sale platform. The GHG allowance auction and allowance price containment reserve sales (reserve sales) are the mechanisms utilized by ARB to sell allowances within the California cap-and-trade program.

The clearing price and the total number of allowances purchased will be disclosed publically after the auction or reserve sale on the results page. The disclosure of auction and reserve sale results allows for market transparency and price discovery.

**About the Auctions and Reserve Sales**

The GHG allowance auctions follow a sealed bid, single round, uniform price (lowest winning bid) format. Each bidder may submit multiple bids and bid schedules for current or future vintage allowances. Allowances from current and future vintages will be offered in separate auctions in lot sizes of 1,000 allowances

**AUCTION HIGHLIGHTS**

**NOTICES** [VIEW ALL](#)

- NOTICE 2013 Q1 AUCTION FEBRUARY 19 DECEMBER 21, 2012
- NOTICE 2013 Q1 AUCTION FEBRUARY 19 ATTACHMENT A DECEMBER 21, 2012
- NOTICE 2013 Q1 AUCTION FEBRUARY 19 ATTACHMENT B DECEMBER 21, 2012

**RELEASES** [VIEW ALL](#)

- RESULTS 2012 Q4 AUCTION NOVEMBER 14 SUMMARY REPORT AUCTION 1 NOTICE

# Auction Platform Accounts Changes Since November

- Multiple entity associations per individual user.
- Auction Platform now requires each individual to establish security questions on first log-in during or after the February Auction period.
- You can update your password using the links on the secure content areas.
  - Passwords must be updated every 60 days.
  - Individuals will be prompted prior to the 60 day expiration to update the password or required to after 60 days.
- If a password is forgotten, you can access the “Forgot Password” link on the public page, answer the security questions, and receive a new activation link to reset your password.

# Auction Platform Security Questions

The screenshot displays the 'Auction & Reserve Sale Platform' interface. At the top, the WCI, Inc. logo is on the left, and the title 'Auction & Reserve Sale Platform' is in the center. On the right, there are links for 'Welcome, John Cowan', 'SUPPORT', 'CHANGE PASSWORD', and 'LOGOUT'. Below the header is a navigation bar with 'Home', 'Resources', 'Archive', 'ARB Admin', and 'Auction Monitoring'. A status indicator on the right says 'AUCTION IS CLOSED'. The main content area features a welcome message: 'Welcome to the GHG Allowance Auction & Reserve Sale Platform'. A modal dialog box titled 'Set Up Security Questions' is open in the center. It contains instructions: 'Please set up your security questions. Please set up security questions to use when changing your Auction and Reserve Sale Platform password. These security questions provide greater security to identify you as the account holder. If you need assistance to set up your security questions, please contact Markit Support at auctionsupport@markit.com.' To the right of the text is a progress indicator with three steps, the first of which is active. Below this is a 'Select Security Question' dropdown menu with the following options: 'In what city did you meet your spouse/significant...', 'In what city did you meet your spouse/significant other?' (selected with a blue checkmark), 'In what city does your nearest sibling live?', 'In what city/town was your first job?', 'What is the first and last name of your oldest cousin?', 'What is the middle name of your youngest child?', and 'What is the name of the first undergraduate college/university you attended?'. The background of the website is dimmed, showing an 'Auctions Calendar' for Q4 2012 and a list of auction notices.

# Representatives of Multiple Entities

The screenshot displays the 'Auction & Reserve Sale Platform' website. A modal dialog box titled 'Select an Account' is centered on the screen. The dialog contains the following text:

**Select an Account**

Please select an account.

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

Select the Participant Account that you are representing during this session in the Auction and Reserve Sale Platform by clicking on the check box and click Log in.

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

If you need further assistance in selecting the correct Participant Account, please contact Market Support at [auctionsupport@market.com](mailto:auctionsupport@market.com).

**Select Participant Account**

- Covered Entity 1
- Covered Entity 2 - CA1000-1000
- Covered Entity #1
- Covered Entity #1 - CA1008-1018
- LL Jones - CA1009-1017
- Utility #1
- Utility #1 - CA1001-1002

Buttons for 'Cancel' and 'Log In' are located at the bottom right of the dialog.

The background of the website shows a navigation bar with 'Home', 'Reserves', 'Archive', 'Application', and 'Auction'. A status indicator on the right says 'AUCTION IS CLOSED'. Below the dialog, there is an 'Auctions Calendar' section for Q4 2012, with tabs for Oct 2012, Nov 2012, and Dec 2012. A legend indicates 'Auction' (red) and 'Reserve' (green). A list of notices is visible on the right side of the page.

# Auction Platform Emails

- Account Activation for Auction Platform
- Entity Application Received
- Entity Application Reviewed and Financial Services Administrator Account Established
- Bid Guarantee Received
- Entity Application Approval (or Denial)
- Auction Results Available
- Auction Final

# Auction Platform Account Activation

- A participant (representative) with an Auction Platform account from the November auction can log into the Auction Platform with the user name and password established in November.
- A first time representative receives an Account Activation for Auction Platform email from [auctionsupport@markit.com](mailto:auctionsupport@markit.com).
- The account activation email will contain a link to the Auction Platform – “Set Password” page where the representative will activate their auction account. The link will expire within 24 hours.
- Once your password is set, a user will be directed to the Auction and Reserve Sale Landing Page (<https://www.wci-auction.org>) and can log into the Auction Platform.

# Auction Platform Account Activation



## Hello from Auction Administrator

We are pleased to invite you to review and confirm your application details and confirm your intent to bid in the upcoming [Auction Name].

To activate your account, please click on the link below:

[Activation Link](#)

After clicking on the Activation Link above, you will be taken to the Auction Platform login page. Your username in the Auction Platform is your email address that this notification was sent to:

[John.Doe@Company.com](mailto:John.Doe@Company.com).

Please note that for an entity, the Primary Account Representative and Alternate Account Representative must both click on the activation link in order to both receive email notifications and to be able to log into the Auction Platform. The Primary Account Representative or the Alternate Account Representative must submit an intent to bid and complete the auction application process in the Auction Platform.

If clicking the above link does not work, please copy and paste the link location into a new browser window. Please note that this link will expire in 24 hours. If you have received this email in error or have any other questions, please contact us at [auctionsupport@markit.com](mailto:auctionsupport@markit.com).

Thank you

Markit Auction Administrator Support Team

*Note: your username for the Auction Platform is the email address that the email invitation was sent to and NOT your CITSS username.*

# Auction Participation Overview

- Step 1: Apply to participate or confirm intent to bid in the auction (PAR or AAR)
  - Step 1a: Confirm intent to bid
  - Step 1b: Verify entity and account representative information
  - Step 1c: Provide information on bid guarantee format
  - Step 1d: Complete attestation and submit auction application
- Step 2: Participate in pre-auction activities
- Step 3: Submit physical bid guarantee

# Auction Participation Overview (cont.)

- Step 5: Participate in the auction
- Step 6: Access auction results
- Step 7: Financial Settlement

# Auction Application and Intent to Bid

- Once you log into the Auction Platform you will be directed to the Auction Platform landing page and then you should proceed to the Application tab on the top banner.

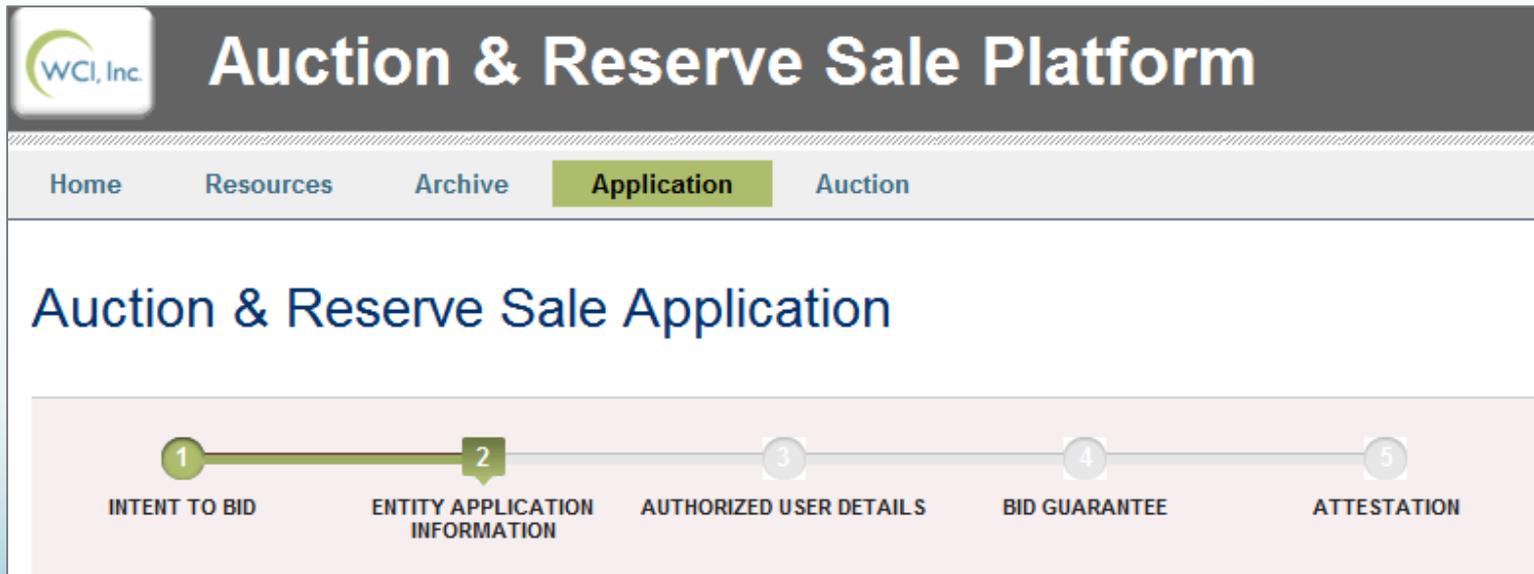
The screenshot shows the 'Auction & Reserve Sale Platform' landing page. At the top, there is a navigation bar with the WCL Inc. logo, the platform name, and links for 'Welcome, Test Org', 'LOGOUT', and 'SUPPORT'. Below this is a secondary navigation bar with tabs for 'Home', 'Resources', 'Archive', 'Application', and 'Auction'. A red indicator shows 'AUCTION IS CLOSED'. The main content area features a large blue banner with the text 'Welcome to the GHG Allowance Auction & Reserve Sale Platform'. Below the banner, there is a section for the next quarterly auction, scheduled for September 04, 2012, with a countdown timer showing 28 days, 07 hours, and 45 minutes. A table displays the 'Auction Reserve Price' as \$10.00 USD, with options for CAD and US Dollar. The page is divided into three columns: 'Auctions Welcome' with introductory text, 'About the Platform' with a video player, and a right-hand sidebar containing 'REPORTS' (Document Type: Auction, Template), 'Report or Document' (Select dropdown), 'AUCTION HIGHLIGHTS', and 'NOTICES' (PRACTICE AUCTION NOTICE: 2012 Q3 AUGUST 30).

# Auction Application and Intent to Bid

- All account representatives should activate their Auction Platform accounts. If previous participant, the representative will need to update security questions and/or password.
- One account representative must submit an auction application or intent to bid in the Auction Platform for the entity.
- Any changes to entity or representative data must be made in the CITSS and approved no later than January 21.
- An auction application or intent to bid must be submitted by January 22.
- For simplicity, the Auction Platform uses the term auction application whether an initial auction application or intent to bid is being submitted.

# Auction Application and Intent to Bid

- One representative from each entity will access the Auction Platform to complete the entity application or intent to bid process.
- The processes are designed to be user friendly with visual cues and easily accessible information on how to proceed.



# Auction Application or Intent to Bid

## Step 1: Confirm Intent to Bid

- To confirm your intent to bid in the auction, you will need to select the 2013 Q1 Auction February 19 from the drop down list.

Do you intend to bid?

---

Our entity intends to bid in the upcoming auction or reserve sale:

Select Auction

**Please note:** *If you are a covered entity and would like to participate in both the auction and reserve sale, please submit your intent to bid and complete your application for the upcoming auction. You will need to submit a separate intent to bid for the reserve sale.*

---

# Auction Application or Intent to Bid

## Step 2: Verify your entity or individual application information

- Entity and individual application details will be pre-populated from the CITSS account information. Please review the pre-populated fields for consistency with your CITSS information.
- Any changes must be made through the CITSS and, if required, approved by the California Registrar at least 1 day prior to the close of the Auction Application window.
- For individual applicants participating in the auction, please download and complete the ARB Individual Auction Participant Documentation Form on the individual applicant page and mail it along with the required supporting documentation to the Financial Services Administrator.

# Auction Application or Intent to Bid

## Step 3: Verify Account Representatives

Review the pre-populated fields for consistency with your CITSS account information.

Verify your account representative details.

---

**Primary Account Representative**

Name  
**Lucy Lee**

Email  
**lucy.lee@markitco.com**

Phone  
**7032846104**

---

**Alternate Account Representative**

Name  
**John Black**

Email  
**john.black@markitco.com**

Phone  
**1234567892**

# Auction Application or Intent to Bid

## Step 4: Submit Bid Guarantee Information

- Entities and individuals must indicate the form of bid guarantee (cash or wire transfer, letter of credit, or bank bond) in the Auction Platform as part of the auction application process, but will submit cash or physical bid guarantee documents to the Financial Services Administrator no later than February 7th.

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

Which form do you plan to submit?

- Cash in the form of a wire transfer or certified funds, such as a bank check or cashier's check
- Irrevocable Letter of Credit
- Surety Bond / Bank Bond

# Auction Application or Intent to Bid

## Step 4: Submit Bid Guarantee Information (cont.)

- Once you make the bid guarantee selections, forms for return information will be automatically generated in the Auction Platform:
  - Irrevocable Letters of Credit and Bank Bonds, complete the required Post Auction Return Address form (as shown below).

**Return Instructions for Bond or Irrevocable Letter of Credit**

Same as mailing address

<b>Entity Legal Name</b>	<b>Individual Name</b>
<input type="text" value="Application Org 3"/>	<input type="text"/>
<b>Street Address</b>	<b>Street Address 2</b>
<input type="text"/>	<input type="text"/>
<b>City</b>	<b>State</b>
<input type="text"/>	<input type="text"/>
<b>Country</b>	<b>Zip Code</b>
<input type="text" value="Select Country"/>	<input type="text"/>
<b>Phone</b>	
<input type="text"/> - <input type="text"/> - <input type="text"/>	

# Auction Application or Intent to Bid

## Step 5: Attestation

- The final step of the application process is to certify to the attestation as shown below. This step is required by all auction participants.

Do you attest that all information is correct?

---

**The following attestation is required.**

I certify that the entity has not been the subject of any previous or currently pending investigations related to any alleged violation of any law, rule, or regulation in connection with any commodity market, exchange, or by the Securities and Exchange Commission or Commodity Futures Trading Commission.

Yes  No

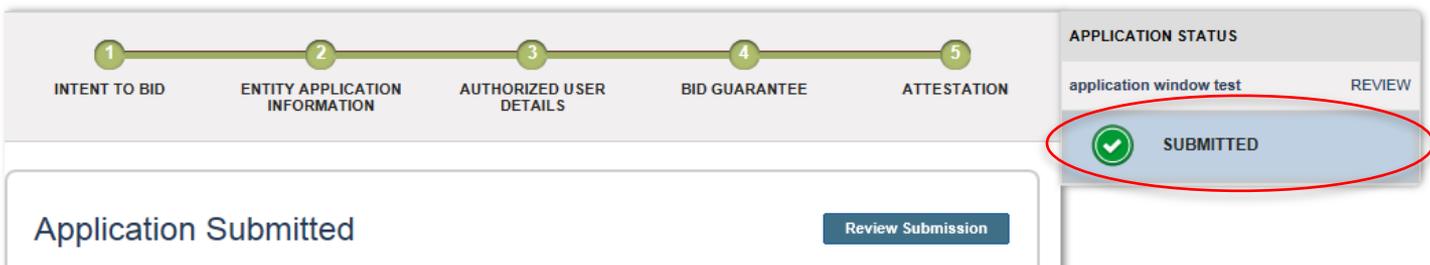
If no, please provide an explanation:

Explanation

# Auction Application Status

- Once an auction participant has submitted their application or intent to bid, the Application Status bar on the right hand side of the Auction Platform will show the auction as submitted with a green check box.

## Auction & Reserve Sale Application



- Participants will receive an email from [auctionsupport@markit.com](mailto:auctionsupport@markit.com) confirming receipt of the auction application.

# Example Application Received Email



## Hello from Auction Administrator

Thank you for applying for the upcoming [Auction Name]. Your request is under review.

Outlined below are the next steps in the auction and reserve sale application approval process:

- The Financial Services Administrator, Deutsche Bank National Trust Company, will establish your account.
- Once your account is established, you will be informed of the process to submit your bid guarantee for the upcoming [Auction Name].
- Once the Financial Services Administrator receives your bid guarantee, ARB will complete the final application review. You will be informed of your qualification status to participate in the Auction no later than two business days prior to the Auction.

If you have any questions, please contact us at [auctionsupport@markit.com](mailto:auctionsupport@markit.com).

Thank you

Markit Auction Administrator Support Team

# Example Application Approved



## Hello from Auction Administrator

Your application for the upcoming [Auction Name] has been approved.

The auction window will be open from [10:00 AM to 1:00 PM PST on [Auction Date]]. More information on the auction, including an instructional video and user guide, can be found in the Auction Platform under the Resources tab.

If you have any questions, please contact us at [auctionsupport@markit.com](mailto:auctionsupport@markit.com).

Thank you

Markit Auction Administrator Support Team

# Bid Submission Bidding Window



- The bidding window can be accessed by clicking on the Auction tab on the top banner of the Auction Platform. The bidding window will be accessible Tuesday, February 19<sup>th</sup>, 2013, from 10:00 AM to 1:00 PM PT.
- The auction participants will be able to see whether the auction window is open or closed on the right hand side of the top banner of the Auction Platform by either a green or red light (a green light as shown above signifies the auction bidding window is open).

# Bid Submission

- Participants will be able to submit bids manually and upload bid schedules in the Auction Platform during the 3-hour bidding window.
- For each bid the following must be entered:
  - Number of Bid Lots (1 lot = 1,000 allowances)
  - Bid Price
  - Vintage
- The Number of Total Allowances will be calculated based on Number of Bid Lots entered.

# Bid Submission Auction Page

- Auction participants will be prompted to enter their bids in whole United States Dollars (“USD”) and whole cents, only.
- Participants can edit or withdraw their bids submitted during the 3-hour auction bidding window.

The screenshot displays the 'Auction' page for 'External UAT Dec 24 (Bidding and Monitoring) Details'. The page is divided into several sections:

- Navigation:** Home, Resources, Archive, Application, **Auction** (highlighted), and a status indicator 'AUCTION IS OPEN' with a green dot.
- Current Vintage: 2013 YEAR:**

Reserve Price	Total Allowance	Total Allowance Bid	Total Bids
\$10.71	60,000,000	--	--
- Future Vintage: 2016 YEAR:**

Reserve Price	Total Allowance	Total Allowance Bid	Total Bids
\$10.71	40,000,000	--	--
- Bidding Closes In:** A progress bar shows 79:59:02 remaining. Time markers for 7 Days, 4 Days, and 2 Days are visible. Time zones PST (16:00:55) and EST (19:00:55) are also shown.
- Submitted Bids:** Includes 'Add Bid' and 'Upload Bids' buttons. Below is a table with columns: Bid Number, User, Time, Client Bid ID, Transaction ID, Currency, Bid Price, Bid Log (x 1000), Vintage, Total Allowances. A single bid is shown with Bid Number 1, User 15:59:50, Currency USD, Bid Price 25.33, Bid Log 1.2, and Vintage 2013. 'Cancel' and 'Submit' buttons are present.
- QUICK TIPS:** A section titled 'Adding Bids' with instructions: 'To add a single bid, select the Add Bid button and a new row will be created for your bid.' and 'To add multiple bids via spreadsheet, select the Upload Bids button to'.

# Bid Submission

## Upload Bid Schedule

- Bid schedules are uploaded based on a pre-formatted spreadsheet available in the Auction screen and on the Auction Platform landing page to the right under Reports template.

The screenshot shows the 'Auction & Reserve Sale Platform' landing page. The header includes the WCI, Inc. logo, the platform name, and user options like 'Welcome, Test Org', 'LOGOUT', and 'SUPPORT'. A navigation bar contains 'Home', 'Resources', 'Archive', 'Application', and 'Auction' tabs, with 'Home' selected. A status indicator shows 'AUCTION IS OPEN' with a green circle. The main content area features a blue banner with the text 'Welcome to the GHG Allowance Auction & Reserve Sale Platform'. Below this, there are three columns: 'Auctions Welcome' with introductory text, 'About the Platform' with a video player, and 'REPORTS' with a 'Document Type' dropdown set to 'Template' and a 'Bids Upload' dropdown menu with a 'Download' button.

# Bid Submission

## Upload Bid Schedule Example

10	Currency	Bid Price	Bid Lots	Bid Allowances	Instrument Vintage
11				0	
12				0	
13				0	
14				0	
15				0	
16				0	
17				0	
18				0	
19				0	
20				0	
21				0	
22				0	
23				0	
24				0	
25				0	
26				0	
27				0	
28				0	
29				0	
30				0	
31				0	
32				0	
33				0	
34				0	

- All bids will be uploaded until the upload process reaches an empty line in the spreadsheet. During the bidding window a bid may be deleted or edited.

# Bid Submission

## Upload Bid Schedule Example (cont.)

- Bid schedules can be uploaded during the bidding window using the Upload Bids function.
- The Upload Bids function is completed in 3 easy steps:
  1. Select Document – Excel spreadsheet with bids
  2. Process Spreadsheet – upload bids from the spreadsheet for submittal
  3. Submit Bids – Confirm the spreadsheet and Submit the bids uploaded from the selected spreadsheet

The screenshot displays a web application window titled "Upload Bids". At the top, a progress bar indicates three steps: 1. SELECT DOCUMENT, 2. PROCESS SPREADSHEET, and 3. SUBMIT BIDS. Step 1 is currently active. The main content area is divided into three columns. The first column, under "Select Document", contains a text input field, a "Browse" button, a "Download Excel Template" link, and a note: "Note: After adding event data, save the template as an .xls or .xlsx file". The second and third columns are currently empty, with large, faint numbers "2" and "3" respectively, indicating the next steps in the process.

# Bid Submission

## Upload Bid Schedule Example (cont.)

- Bid Upload function Step 3

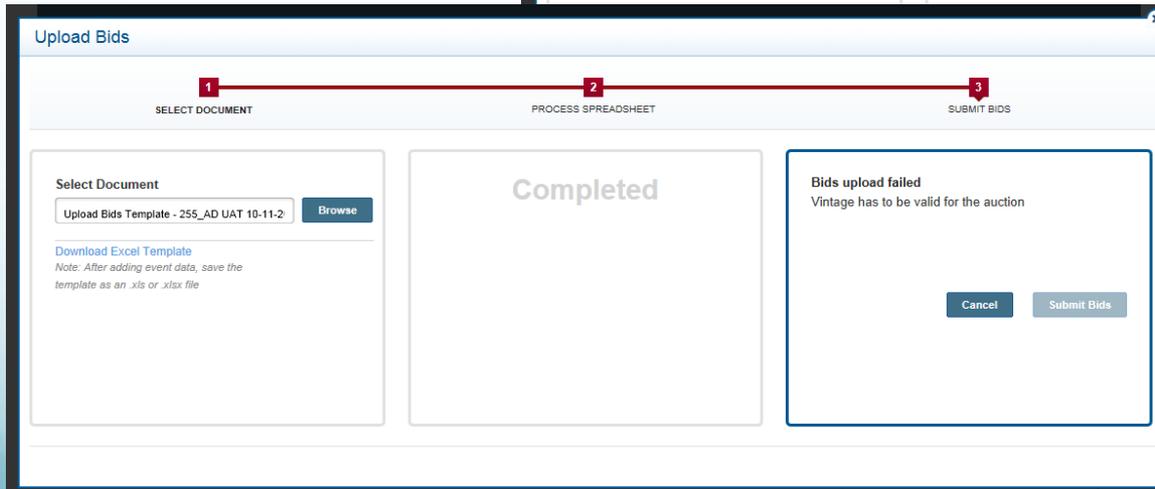
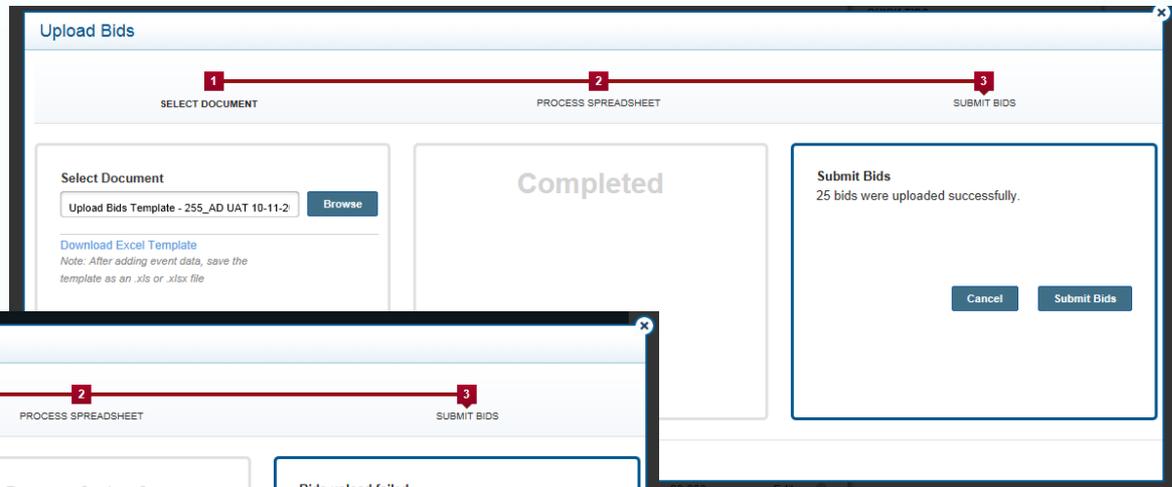
The image displays two screenshots of the 'Upload Bids' dialog box, illustrating Step 3 of the bid submission process. The dialog box is titled 'Upload Bids' and features a progress bar at the top with three steps: 1. SELECT DOCUMENT, 2. PROCESS SPREAD SHEET, and 3. SUBMIT BIDS. The progress bar indicates that Step 3 is the current step.

**Top Screenshot:** This screenshot shows the 'File Confirmation' step. The 'Select Document' section on the left contains a text box with the filename 'Upload Bids Template - 323(EtoE1).xlsx' and a 'Browse' button. Below this is a 'Download Excel Template' link and a note: 'Note: To select a spreadsheet, select Browse. File uploaded must be in Excel .xlsx or .xls format.' The central 'Completed' box is empty. The right-hand 'File Confirmation' box contains the following text: 'Excel Template Upload Bids Template - 323(EtoE1).xlsx has been selected to be uploaded. Please confirm this is the correct file.' Below this text are two bullet points: 'Click "Confirm" to upload the bids.', 'Or, Click "Cancel" to close the Upload Bids dialog box.', and 'OR Click "Browse" (Step 1) to upload a different file.' At the bottom of this box are 'Cancel' and 'Confirm' buttons.

**Bottom Screenshot:** This screenshot shows the 'Bids Successfully Uploaded for Submittal' step. The 'Select Document' section on the left is identical to the top screenshot. The central 'Completed' box is empty. The right-hand box contains the following text: 'Bids Successfully Uploaded for Submittal' and '6 bids were successfully uploaded.' Below this text are three bullet points: 'Click "Submit" to complete the bid submittal process', 'OR Click "Cancel" to close the upload bid dialog box', and 'OR Click "Browse" (Step 1) to upload a different file'. At the bottom of this box are 'Cancel' and 'Submit' buttons. A small note at the bottom right of the dialog box reads 'submitted bid is accurate'.

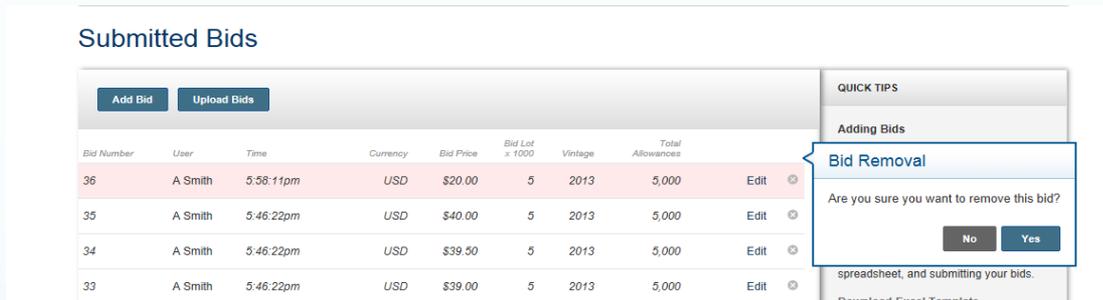
# Bid Schedule Submission

- The Auction Platform will confirm successful or failed bid schedule upload.



# Bid Deletion and Editing

- During the bidding window a bid may be deleted or edited.
  - To delete, click the  and then click “Yes” to confirm the Bid Removal



The screenshot displays the 'Submitted Bids' section of a web application. It features a table with columns for Bid Number, User, Time, Currency, Bid Price, Bid Lot x 1000, Vintage, and Total Allowances. Below the table are buttons for 'Add Bid' and 'Upload Bids'. A 'QUICK TIPS' sidebar on the right contains 'Adding Bids' instructions. A 'Bid Removal' dialog box is overlaid on the table, asking 'Are you sure you want to remove this bid?' with 'No' and 'Yes' buttons.

Bid Number	User	Time	Currency	Bid Price	Bid Lot x 1000	Vintage	Total Allowances	
36	A Smith	5:56:11pm	USD	\$20.00	5	2013	5,000	Edit 
35	A Smith	5:46:22pm	USD	\$40.00	5	2013	5,000	Edit 
34	A Smith	5:46:22pm	USD	\$39.50	5	2013	5,000	Edit 
33	A Smith	5:46:22pm	USD	\$39.00	5	2013	5,000	Edit 

- To edit, click “Edit” and make required changes. Changes are confirmed by clicking “Submit,” similar to the process of initial entry of the bid.

# Bid Submission Confirmation

The screenshot displays the 'Auction & Reserve Sale Platform' website. At the top, the WCI, Inc. logo is on the left, and the title 'Auction & Reserve Sale Platform' is in the center. On the right, a user is logged in as 'uat - arb - par 4, Test\_Primary' with options for 'SUPPORT', 'CHANGE PASSWORD', and 'LOGOUT'. Below the header is a navigation menu with 'Home', 'Resources', 'Archive', 'Application', and 'Auction'. A red status indicator shows 'AUCTION IS CLOSED'. A large blue banner reads 'Welcome to the GHG Allowance Auction & Reserve Sale Platform'. The main content area features a countdown timer for the next quarterly auction on January 01, 2013, showing 04 days, 10 hours, and 08 minutes. Below the timer, the auction reserve price is listed as \$10.00 USD. The page is divided into several sections: 'Auctions Welcome' with a detailed description of the auction process; 'About the Platform' with a video player and a dropdown menu listing recent auctions; 'Auctions Calendar'; and a right-hand sidebar with 'REPORTS' (Document Type: Auction, Report of Document: Bids Audit), 'AUCTION HIGHLIGHTS', and 'NOTICES'.

Welcome uat - arb - par 4, Test\_Primary | SUPPORT  
CHANGE PASSWORD | LOGOUT  
Last login 28-Dec-2012 10:35AM PST

Home Resources Archive Application Auction AUCTION IS CLOSED

Welcome to the GHG Allowance Auction & Reserve Sale Platform

The next Quarterly Auction will be held on January 01, 2013

04:10:08  
DAYS HOURS MINS

Auction Reserve Price \$10.00 USD

### Auctions Welcome

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

### About the Platform

To learn more about how to navigate the Auction Platform, click the play button above for an instructional video.

For PP Doc  
ARB December UAT Auction\_Dec 6  
ARB December UAT Auction\_Dec 11  
2012 Q4 UAT Auction #2  
2012 Q4 UAT Auction #1

### REPORTS

Document Type  
Auction Template

Report or Document  
Bids Audit; For PP Doc  
Organization Results  
Bids Audit

### AUCTION HIGHLIGHTS

### NOTICES

VIEW ALL

NOTICE 2013 Q1 AUCTION FEBRUARY 19 DECEMBER 21, 2012  
NOTICE 2013 Q1 AUCTION FEBRUARY 19 ATTACHMENT A DECEMBER 21, 2012  
NOTICE 2013 Q1 AUCTION FEBRUARY 19 ATTACHMENT B DECEMBER 21, 2012

### Auctions Calendar

RELEASES VIEW ALL

# Example Client Bid Audit Report

	A	B	C	D	E	F	G	H	I	J	K	L
1	Date	1/6/2013										
2	Auction	Auction Name										
3												
4	<b>Update Type</b>	<b>Update Time</b>	<b>Update By</b>	<b>Account Holding Number</b>	<b>Client Bid ID</b>	<b>Transaction ID</b>	<b>Bid Submission Time</b>	<b>Currency</b>	<b>Bid Price</b>	<b>Bid Lots</b>	<b>Vintage</b>	<b>Total Allowance</b>
5	Created	13:30:52 PST	<a href="mailto:John.Doe2@company.com">John.Doe2@company.com</a>	CAXXXX-XX	0DA2	5244	13:30:52 PST	USD	18.75	130	2013	130,000
6	Created	15:13:47 PST	<a href="mailto:Jane.Doe@company.com">Jane.Doe@company.com</a>	CAXXXX-XX	70B2	5372	15:13:47 PST	USD	15.25	190	2016	190,000
7	Updated	15:21:59 PST	<a href="mailto:Jane.Doe@company.com">Jane.Doe@company.com</a>	CAXXXX-XX	70B2	5377	15:13:47 PST	USD	15.25	190	2013	190,000
8												

# Example Auction Results Available Email



## Hello from Auction Administrator

This is to notify you that the results of the recently conducted auction on [Auction Date] are now available to be viewed. Please log into the Auction Platform and download the Organization Results Report from the Home Page. To download your Organization Results Report, click on Auction on the right hand side of the screen. Under Report or Document, select Organization Results, then click on [Auction Name] and download the Organization Results Report.

Payment is due within seven days of receipt of this notification. This notification provides availability of the invoice in the Auction Platform. Payment instructions are available for download in the Auction Platform. Account numbers are not shown in full for security reasons.

Wiring Instructions for settlement:

Deutsche Bank Trust Company Americas  
ABA# \*\*\*\*\*033 - New York NY

...

To download your wiring instructions, which include the Deutsche Bank Account Name, Port number, ABA number, and DDA number, please log into the Auction Platform. Once logged into the Auction Platform, click on Templates on the right hand side of the screen. Under Report or Document, select Wiring Instructions, then click on [Auction Name] and download the wiring instructions form.

If you have any questions, please contact us at [auctionsupport@markit.com](mailto:auctionsupport@markit.com).

Thank you

Markit Auction Administrator Support Team

# Financial Services Administration

- Auction Application Review and Account Established
- Bid Guarantee Process
- Bid Guarantee Requirements
- Bid Guarantee Review
- Bid Guarantee Revisions
- Financial Settlement
- Bid Guarantee Return
- Auction Consignment

# Bid Guarantee Process

- Once your auction application is submitted and a bid guarantee account is established, you will receive an email from [auctionsupport@markit.com](mailto:auctionsupport@markit.com) confirming the Financial Services Administrator has reviewed your account application and established a bid guarantee account.
- The email instructs you to log into the Auction Platform and obtain your account number and payment/delivery instructions for submitting your bid guarantee.
- Upon receipt of this email, you can deposit your bid guarantee with the Financial Services Administrator.

# Example Auction Application Review and Account Established Email



## Hello from Auction Administrator

This is to inform you that your application has been reviewed and your account has been established with the Financial Services Administrator - Deutsche Bank National Trust Company. The next step in the application process is to submit your bid guarantee for the upcoming [Auction Name]. Please be sure to submit your bid guarantee by no later than 2:00 PM Pacific Time on [Bid Guarantee Due Date].

Below is your bid guarantee account information. Account numbers are not shown in full for security reasons.

Deutsche Bank Account Number: \*\*\*\*\*

Deutsche Bank Account Name: Company Name

Wiring Instructions for cash:

Deutsche Bank Trust Company Americas

ABA#

...

Mailing/Federal Express Instructions for Certified Checks, Letters of Credit and Bond forms:

Payable to Deutsche Bank National Trust Company

Mailing Address:

...

To download your wiring instructions, which include the Deutsche Bank Account Name, Port number, ABA number, and DDA number, please log into the Auction Platform. Once logged into the Auction Platform, click on Templates on the right hand side of the screen. Under Report or Document, select Wiring Instructions, then click on [Auction Name] and download the wiring instructions form.

...

# Bid Guarantee Process

- Once your bid guarantee is received, reviewed and deposited by the Financial Services Administrator, you will receive an email from [auctionsupport@markit.com](mailto:auctionsupport@markit.com) confirming your bid guarantee was received by the Financial Services Administrator.
- All bid guarantees must be received by the Financial Services Administrator by February 7<sup>th</sup>.
- You are encouraged to send in your bid guarantee as soon as you receive the email that your account has been established with the Financial Services Administrator.

# Bid Guarantee Requirements

## – Cash or Wire Transfer

- Cash wire transfers or certified funds must be received by the Financial Services Administrator no later than 2:00 Pacific Time on February 7<sup>th</sup>.
- The cash wire details will include the following information:
  - Bank Name
  - Beneficiary name
  - Account number
  - ABA routing number
  - Payment Details

# Bid Guarantee Requirements

## – LOC or Bank Bond

- LOC or Bank Bond must be issued by a U.S. Financial Institution with a U.S. Banking License.
- The required terms for an LOC or Bank Bond are:
  - Party named as Applicant on LOC or Bank Bond must be identical to that named in the participant's application.
  - Deutsche Bank National Trust Company must be named as beneficiary.
  - LOC must be irrevocable.

# Bid Guarantee Requirements

## – LOC or Bank Bond (cont.)

- The amount of the LOC or Bank Bond must be included.
- The expiration or maturity date must be no earlier than March 12<sup>th</sup> (i.e. 21 days after the scheduled auction or reserve sale).
- There must be instructions on where to submit the LOC or Bank Bond for payment.
- LOC must include a payment certificate/form of draw as an annex or exhibit.
- LOC must be payable within 1 business day.

# Bid Guarantee Review

- The Financial Services Administrator will review and communicate any deficiencies with bid guarantees submitted to the bidder.
- The bidder will need to work with their financial institution to resolve deficiencies.
- Bidders that intend to submit either an LOC or Bank Bond are encouraged to remit it as soon as they are notified that their account has been established with the Financial Services Administrator.

# Bid Guarantee Revisions

- If a bid guarantee provided to the Financial Services Administrator needs to be revised:
  - Auction participants would be notified by the Financial Services Administrator.
  - Auction participants would contact their financial institution in advance of the bid guarantee submittal deadline of Thursday, February 7, 2013, and request an amendment to their bid guarantee.
- If a bidder after submitting a bid guarantee finds they need to revise the guarantee, they should contact the Financial Services Administrator.

# Example Bid Guarantee Received Email



## Hello from Auction Administrator

This is to notify you that the Financial Services Administrator has received and successfully processed your bid guarantee for the upcoming [Auction Name]. Your application is now pending ARB approval.

If you have any questions, please contact us at [auctionsupport@markit.com](mailto:auctionsupport@markit.com).

Thank you

Markit Auction Administrator Support Team

*Note: your username for the Auction Platform is the email address that the email invitation was sent to and NOT your CITSS username*

# Financial Settlement

- Successful bidders should download their Organization Results Report (settlement invoice) from the Auction Platform and submit the financial settlement amount no later than March 1, by 2:00 PM PT.
- Financial Services Administrator will draw/liquidate the bid guarantees on March 4, to cover any amounts due but not received from a successful bidder by the March 1 deadline.
- Wiring instructions can be downloaded from the Auction Platform.
- No bank/cashiers checks will be accepted
  - Any checks received will be returned and the Financial Services Administrator will draw on the bid guarantee to settle the invoice

# Financial Settlement Invoice

- Auction Information
  - Settlement Price
  - # of Successful Bids
  - Total Bid Cost
- Account Information
  - Bid Guarantee
  - Amount Due to Financial Services Administrator
  - Wiring Instructions
- Bid Information
  - Successful Bids – Quantity and Cost
  - Instrument Vintage
  - Bid Price

# Bid Guarantee Return

- All bid guarantees for unsuccessful bidders, regardless of type, will be returned within 2 - 3 business days after the auction is certified.
- For successful bidders, any unused cash bid guarantee will be returned by March 1st.
- Any LOC or Bank Bond will be returned by March 5th.

# Auction Consignment

- If not bidding in an auction:
  - You may provide wiring instructions
  - Alternatively, you may submit intent to bid for auction and submit bid guarantee of zero dollars
- Any payment instructions given to Financial Service Administrator outside of auction platform will need to be confirmed by PAR and AAR.

# Auction Consignment

- Consignment Proceeds
  - The Financial Services Administrator will email the Primary and Alternative Account Representative to confirm wire instructions for consignment proceeds prior to auction.
  - If you are a bidder and have completed the wire payment instructions as part of the auction application process, you can advise the Financial Services Administrator to utilize these instructions for distributing consignment proceeds.
  - If bidding in an auction and need proceeds to be sent to a different account than bid guarantee return, participants can provide the Financial Services Administrator with specific wire payment instructions.

# Example Auction Final Email



## Hello from Auction Administrator

This email is to notify you that the recent [Auction Name] is final. Financial settlement is complete and the Auction is now closed.

If you have any questions, please contact us at [auctionsupport@markit.com](mailto:auctionsupport@markit.com).

Thank you

Markit Auction Administrator Support Team

*Note: your username for the Auction Platform is the email address that the email invitation was sent to and NOT your CITSS username*

# Auction Resources & Training Material

- Training materials are available on the Resources tab of the Auction Platform.
- Training materials available from the public page of the Auction Platform include:
  - Auction Guide
  - Frequently Asked Questions (FAQs)
  - Training webinar video
  - Calendar of auction activities
- Additional materials will be available to auction participants once they have received an account in the Auction Platform.
- Today's presentation is available at:  
<http://www.arb.ca.gov/cc/capandtrade/auction/auction.htm>.

# Auction and Financial Services Contact Information

- Auction Administrator
  - Email support available 24 hours M-F  
[auctionsupport@markit.com](mailto:auctionsupport@markit.com)
  - Call from 8 AM to 6 PM PT 1(877) 762-7548
- Financial Services Administrator
  - Email support [CAARB.inbox@db.com](mailto:CAARB.inbox@db.com)
  - Call (212) 250-6645

# Air Resources Board Contact Information

- If you have any questions about completing the CITSS registration and account application process, please contact the California CITSS Help Desk at: [help@wci-citss.org](mailto:help@wci-citss.org) or by phone at: (916) 324-7659.
- If you have policy related questions regarding the Cap-and-Trade Program, please contact the Air Resources Board at: (916) 322-2037.

# Question and Answer Session

- Please submit questions through the webinar system in the Q&A section of the webinar.