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

Bidders' Conference Agenda

- Introduction
- Auction Summary
- Auction Schedule
- Auction Administrative Requirements
- Auction Conduct
- Auction Application Process
- Bid Guarantee Requirements
- Purchase and Holding Limits
- Settlement Price and Winning Bids Determination
- Market Monitoring
- Auction Results
- Financial Settlement
- Auction Consignment

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.

Auction Summary

- Auction Notices are posted 60 days prior to each auction. The Notice provides all detailed information for the auction including a complete schedule of activities and deadlines.
- The number of GHG allowances that will be available for sale during each auction are provided in the Auction Notice posted 60 days prior to each auction.
- Reserve Price: USD $10.71 (for both the Current Auction and Advance Auction).

General Auction Schedule

Activities	Time period	Time
Auction application window opens in the Auction Platform	60 days prior to the auction	12:00 (Noon) PT
Auction application window closes in the Auction Platform	30 days prior to the auction	11:59 PM PT
All bid guarantees due to Financial Service Administrator	12 days prior to the auction	No later than 2:00 PM PT
ARB approves auction participants and participants notified	2 days prior to the auction	No later than 5:00 PM PT
Auction held	Date provided in Notice-	Bidding window open from 10:00 AM – 1:00 PM PT

General Auction Schedule (cont.)

Activities	Date	Time
Public notice of auction results released	3 business days after the auction	12:00 (Noon) PT
Notification of financial settlement invoice sent to auction participants	3 business days after the auction	12:00 (Noon) PT
Financial settlement in cash due to Financial Services Administrators	7 days after notification of the availability of the financial settlement invoice	No later than 2:00 PM PT
Financial settlement complete	3 business days after financial settlement is due	
Transfer of allowances into CITSS Accounts	5 business days after financial settlement is complete	12:00 (Noon) PT
Auction proceeds distributed	5 business days after financial settlement is complete	

Auction Administrative Requirements

- Eligibility
  - California covered entities, opt-in covered entities, and voluntarily associated entities are eligible to participate in GHG allowance auctions.
- CITSS
  - Prior to participating in an auction, the entity must have an entity account in the CITSS which requires a Primary Account Representative (PAR) and at least one Alternate Account Representative (AAR) that must be approved users in the Compliance Instrument Tracking System Service (CITSS).
  - An entity representative must have indicated the entity's interest to participate by selecting the "Auction Participation" box on the Auction Tab in the CITSS.

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

Auction Application Process

- Select CITSS “Auction Participation” box
- Activate Auction Platform Account
- Apply to participate in the auction or confirm intent to bid
- Submit bid guarantee

Select Auction Participation Box

- To be able to participate in the 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 Platform Account Activation

- Once account information is transferred to the Auction Administrator to facilitate participation in the auction, representatives that intend to act on an entity's behalf to submit the auction application or bid in the auction must have an active Auction Platform account.
  - If the representative previously activated an Auction Platform account that individual can access the Auction Platform using their previously established username and password.
  - If the representative has not previously been designated as the PAR or an AAR for an entity that indicated interest in participating in an auction, they will receive an email inviting them to activate their account and set up a password.

Apply to Participate in Auction

- 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 the entity's 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.
- Must submit an auction application or intent to bid in the Auction Platform by no later than 11:59 PM PT on the last day of the application period as listed in the Notice.
- It is recommended that this be done as soon as possible.

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 form
  - 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 PT on the last day of the application period as listed in the Notice.

Bid Guarantee Requirements

- Financial guarantee instruments for the 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.

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	$ 17.46	300	300,000	$5,238,000
Entity E	$ 15.53	180	180,000	$7,454,400
Entity E	$ 13.66	85	85,000	**$7,717,900**
Entity E	$ 10.71	35	35,000	$6,426,000

- *Recommended bid guarantee is $7,717,900.*
- *If the settlement price is $10.71 and all allowances are won, then the bid guarantee remaining for the Advance Auction is $ 1,291,900 ($7,717,900 - $6,426,000).*

Purchase Limits

- A purchase limit is the number of allowances one entity or a group of directly associated entities may purchase from the allowances sold at a quarterly auction.
- Purchase limits for the Current Auction are:
  - Covered entities and opt-in covered entities - fifteen (15) percent of the allowances offered for auction;
  - Electrical distribution utilities - forty (40) percent of the allowances offered for auction; and
  - All other auction participants - four (4) percent of the allowances offered for auction.
- Purchase limit for the 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
  - 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 = 3,900,000 allowances
    - Purchase Limit = 3,900,000 * 0.40
    - Purchase Limit = 1,560,000

		Purchase Limit
Electricity Distribution Utility	40%	*1,560,000*
Covered Entity or Opt-In Covered Entity	15%	*595,000*
Voluntarily Associated Entity	4%	*156,000*

  - Purchase limit for the Advance Auction is 25% for all entities.

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 * Base + 0.025 * (Annual Allowance Budget – Base)
    - "Base" equals 25 million metric tons of CO_2e
    - "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.

Management of Purchase and Holding Limits

- Purchase and holding limits are managed by providing the Auction Administrator the total number of allowances that may be successfully bid without exceeding the respective limit.
- Data is transferred to the Auction Administrator the day prior to the auction based on balances in CITSS accounts at approximately Noon PT the day prior to the auction.
- Account holders are responsible to ensure that there will be no holding limit violation once allowances are transferred after settlement.

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	$ 20.08	130	130,000	2013
A	$ 16.33	190	190,000	2013
A	$ 13.66	135	135,000	2013
A	$ 10.98	125	125,000	2013

Bid Limitations

- Bid rejected if it violates the 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 guarantee limitation is assessed at all possible settlement prices.
- Bid rejected if it does not constitute an offer to purchase allowances, zero lots or bid price of $0.
- Rejected bid quantities are not considered in determining the settlement price.

Bid Limitations Example

Bid Limitations Example: Entity D

Holding Limit	5,945,000
Purchase Limit	1,560,000
Bid Guarantee	$26,814,400

Submitted Bids

Bid #	Bid Price	Bid Lots	Allowances	Cumulative Allowances	Cumulative Cost
Bid #1	$19.06	900	900,000	900,000	$17,154,000
Bid #2	$16.28	780	780,000	1,680,000	$27,350,400

Qualified Bids – Purchase Limit

Bid #	Bid Price	Bid Lots	Allowances	Cumulative Allowances	Cumulative Cost
Bid #1	$19.06	900	900,000	900,000	$17,154,000
Bid #2	$16.28	660	660,000	1,560,000	$25,396,800

Qualified Bids – Bid Guarantee

Bid #	Bid Price	Bid Lots	Allowances	Cumulative Allowances	Cumulative Cost
Bid #1	$19.06	900	900,000	900,000	$17,154,000
Bid #2	$16.28	747	747,000	1,647,000	$26,813,160

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 until reserve price is reached or price at which total allowances sold is equal to or exceeds total allowances offered for sale.
- Bid evaluation and settlement price for the Current Auction and Advance Auction are conducted separately, in consecutive order.
- 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	$ 13.66	135	61.36%	44,181	5	1
E	$ 13.66	85	38.64%	27,818	77	0
		220		71,999		1

- Total allowances available at settlement price is 72,000, bids were placed for 220,000 allowances (220 lots X 1000).
- Each entity's share of allowances awarded is determined based on share of total bids at the bid price (settlement price).
- Allowances awarded 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 auction will be posted on the ARB website and the WCI, Inc. website once the auction has been certified.
  - The date the posting is anticipated is in the Auction Notice.
  - The posting is anticipated to occur at 12:00 (Noon).
- The auction results report provides general results and statistics of the auction.

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 to notify them that results are available for the auction.
- The auction results email will include notification to download the Organization Results Report (financial settlement invoice) from the Auction Platform.
- Receipt of the email informing the entity of the availability of the Organization Results Report constitutes delivery of the financial settlement invoice.

Financial Settlement

- Successful bidders must download their Organization Results Report (settlement invoice) from the Auction Platform and submit the financial settlement amount no later than 7 days after receiving the email notifying them of the availability of their results.
- Wiring instructions can be downloaded from the Auction Platform in the reports and templates module.
- No bank/cashiers checks will be accepted.
  - Checks received will be returned and the bid guarantee will be drawn down to settle the invoice.
- The Financial Services Administrator will draw/liquidate the bid guarantees to cover any amounts due but not received from a successful bidder by the deadline provided in the Auction Notice.

Auction Consignment

- Consignment
  - Must have CITSS Limited Use Holding Account to receive allowance allocations.
  - Must transfer from Limited Use Holding Account to Auction Holding Account.
    - Deadline is 75 days prior to each Auction.
  - Must consign all allowances within the year of their vintage.

Auction Consignment

- Consigning Entities that Do Not Intend to Bid in the Auction:
  - Check the “Auction Participation” box on the Auction tab in the CITSS.
  - Do not complete the Auction Application or Intent to Bid process in the Auction Platform.
  - Will be contacted by the Financial Services Administrator to provide or confirm wiring instructions for receiving proceeds from Auction.

Auction Consignment

- Consigning Entities that Do Intend to Bid in the Auction:
  - Check the “Auction Participation” box on the Auction tab in the CITSS.
  - Complete the Auction Application or Intent to Bid process in the Auction Platform.
  - Provide a Bid Guarantee.
  - Will be contacted separately by the Financial Services Administrator to provide or confirm wiring instructions for receiving proceeds from Auction.
  - Participate in auction.
  - Settlement for auction and Receipt of Proceeds from Consignment are handled separately.

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

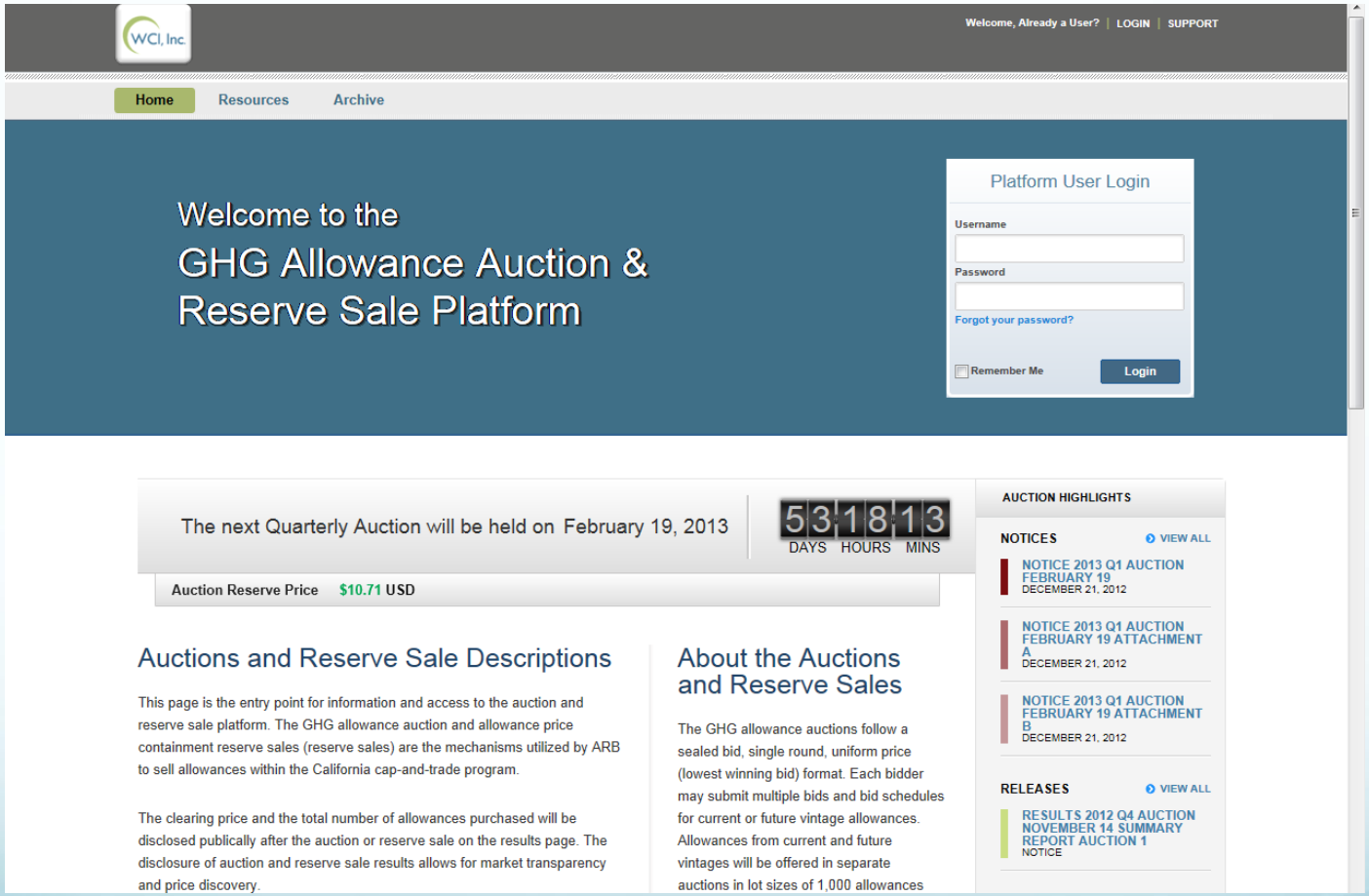
Auction Participant Training Webinar Agenda - Part 2

- Auction Platform
  - Overview
  - Auction Platform Emails
  - Auction Platform Account Activation
  - Auction Platform Accounts
  - Auction Application or Intent to Bid
  - Bid Submission
  - Auction Results
- Financial Services Administration
- Auction Resources and Training Materials
- Questions and Answer

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



Auction Platform Emails

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

Auction Platform Account Activation

- A first time representative receives an Account Activation for Auction Platform email from 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 Platform 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 Email Account Activation

WCI, Inc.

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.

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.

Thank you

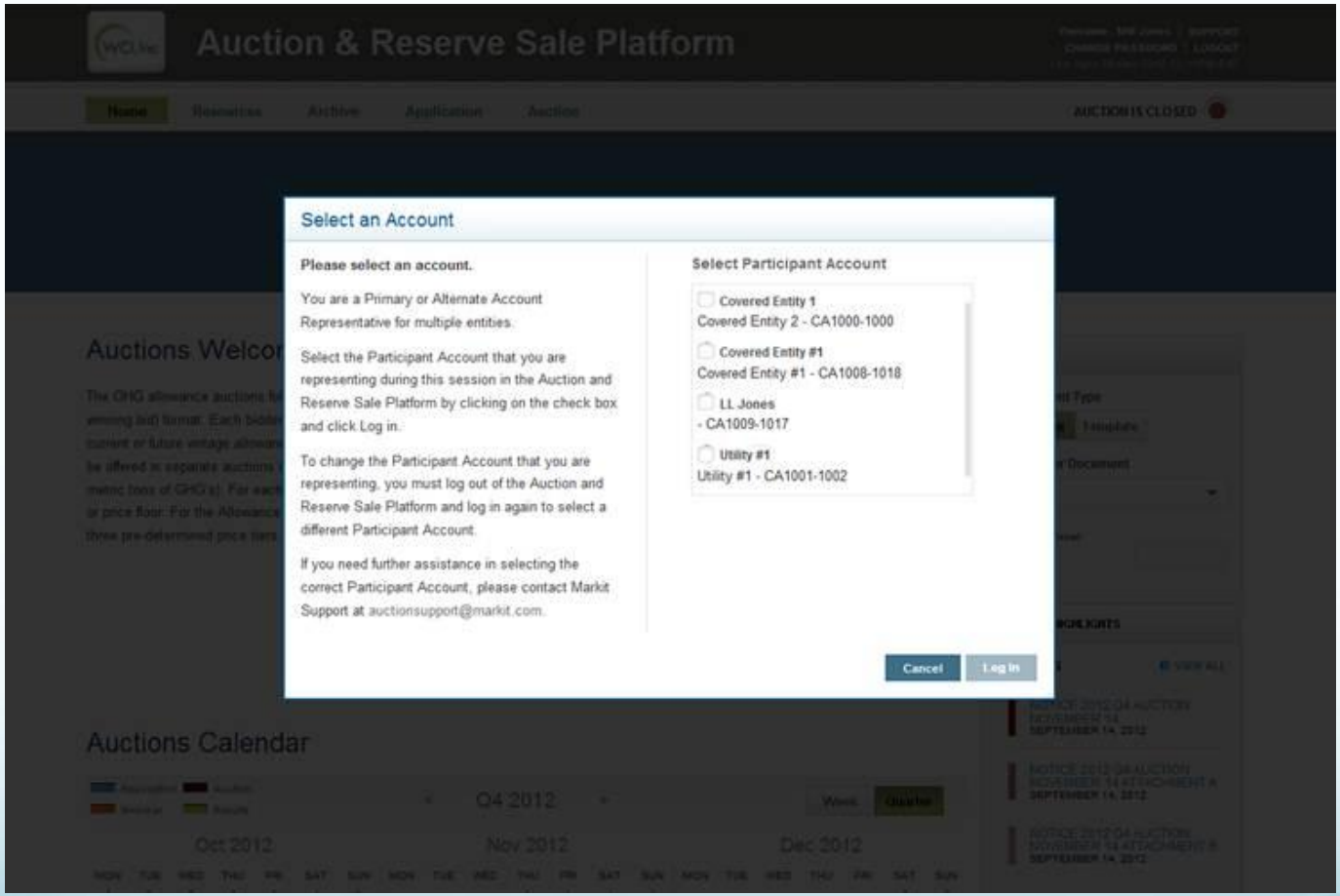
Markit Auction Administrator Support Team

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

Auction Platform Accounts

- A representative (PAR or AAR) with an Auction Platform account established for a prior auction can log into the Auction Platform with the password previously established.
- Once the auction application period is open, the representatives will be able to access the Auction Platform to complete an auction application or submit an intent to bid.
- Passwords must be updated every 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 requires each individual to establish security questions.

Representatives of Multiple Entities

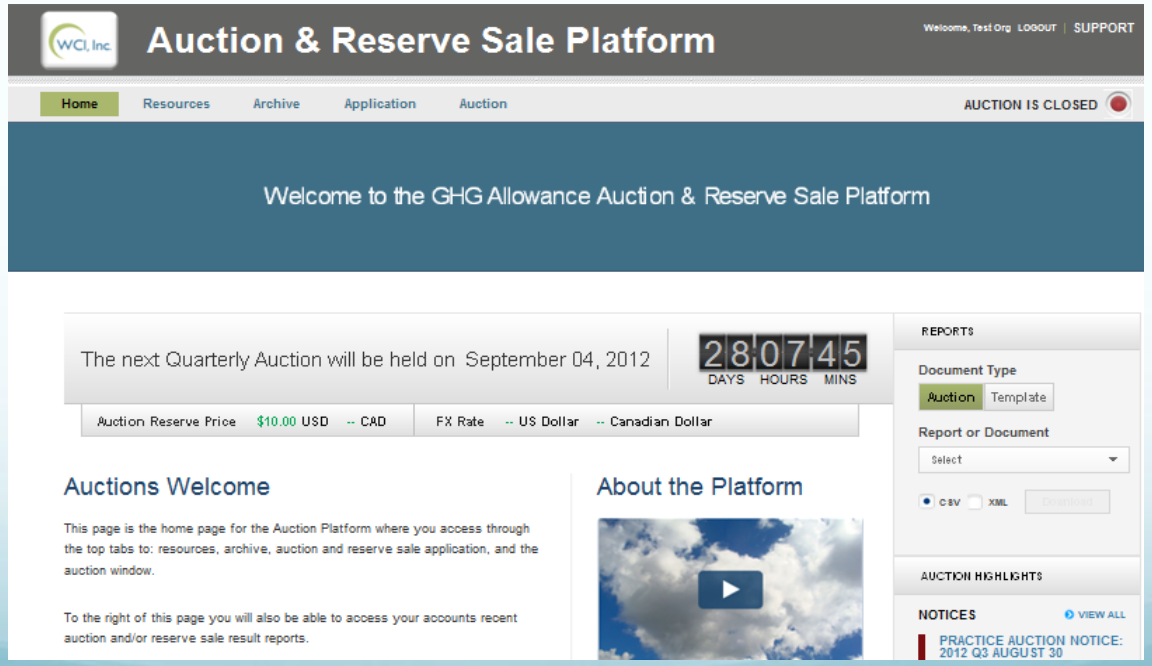


Auction Application or Intent to Bid

- One account representative must submit an auction application or intent to bid in the Auction Platform for the entity.
  - Step 1a: Confirm intent to bid
  - Step 1b: Verify entity and account representative information
  - Step 1c: Provide information on bid guarantee form
  - Step 1d: Complete attestation and submit auction application
- For simplicity, the Auction Platform uses the term auction application whether an initial auction application or intent to bid is being submitted.
- An auction application or intent to bid must be submitted by 11:59 PM PT on the last day of the application period.

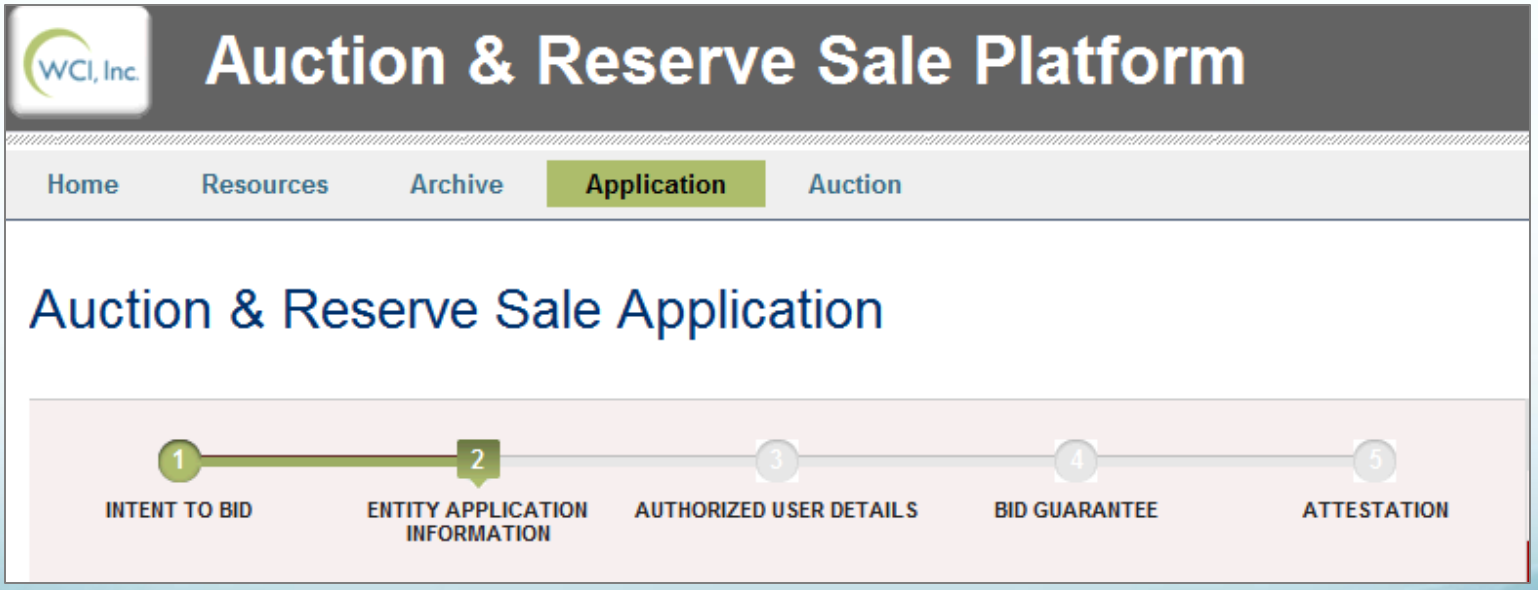
Auction Application or Intent to Bid

- 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.



Auction Application or Intent to Bid

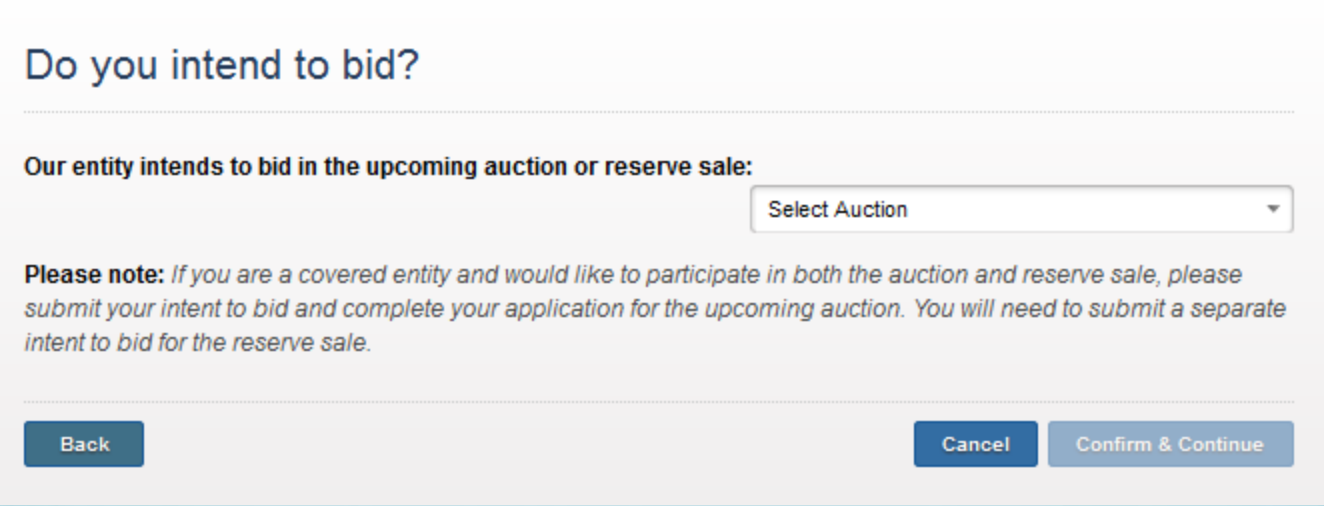
- One representative from each entity will access the Auction Platform to complete the entity application or intent to bid process.
- The processes are designed to be user friendly with visual cues and easily accessible information on how to proceed.



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 auction from the drop down list.



Auction Application or Intent to Bid

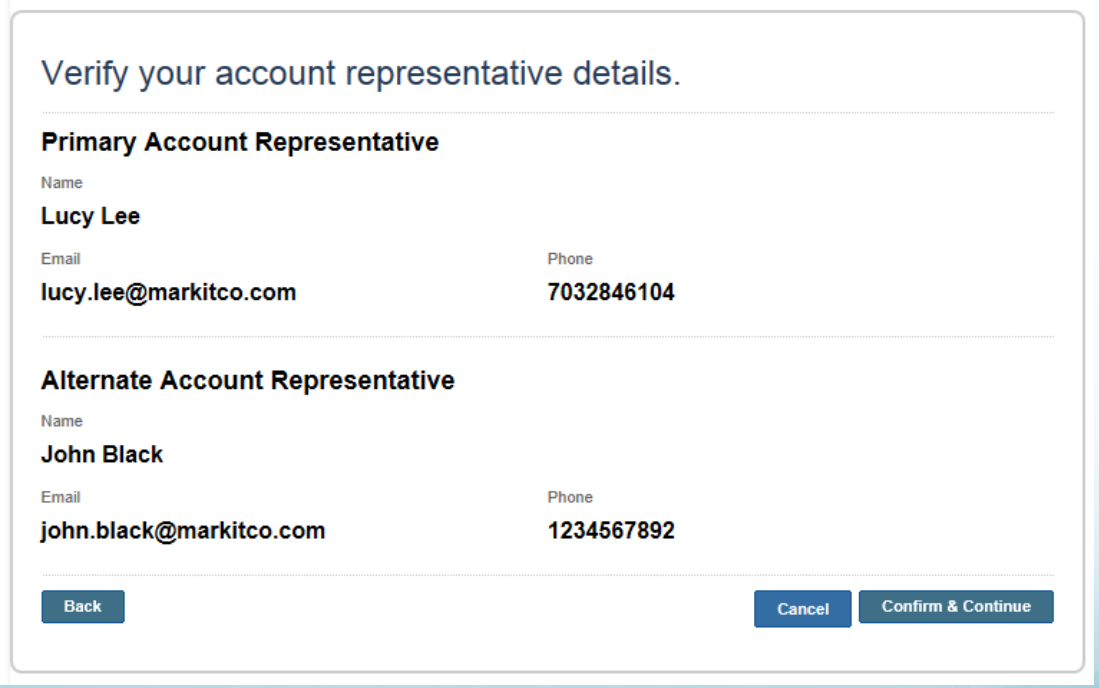
Step 2: Verify your entity or individual application information

- 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.



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, but will submit the bid guarantee directly to the Financial Services Administrator no later than the deadline provided in the Auction Notice.

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

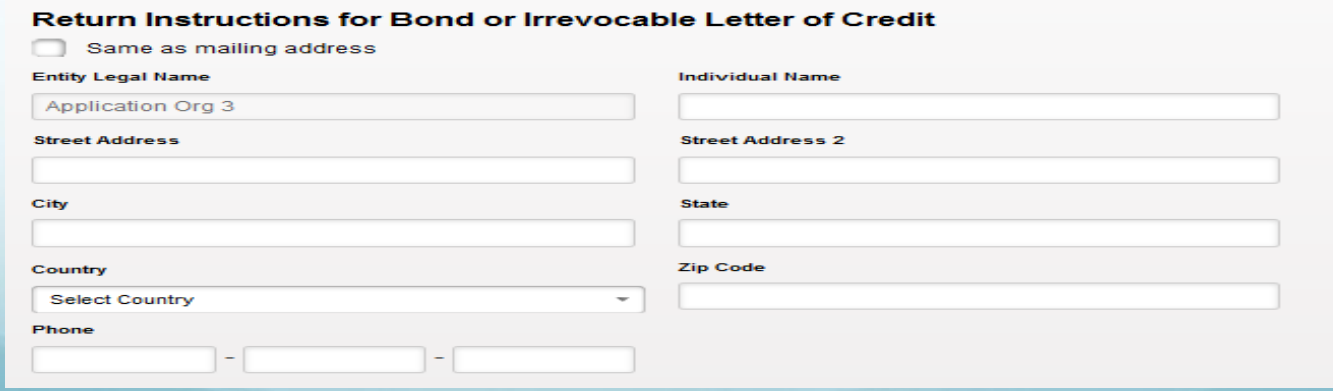
Which form do you plan to submit?

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

Auction Application or Intent to Bid

Step 4: Submit Bid Guarantee Information (cont.)

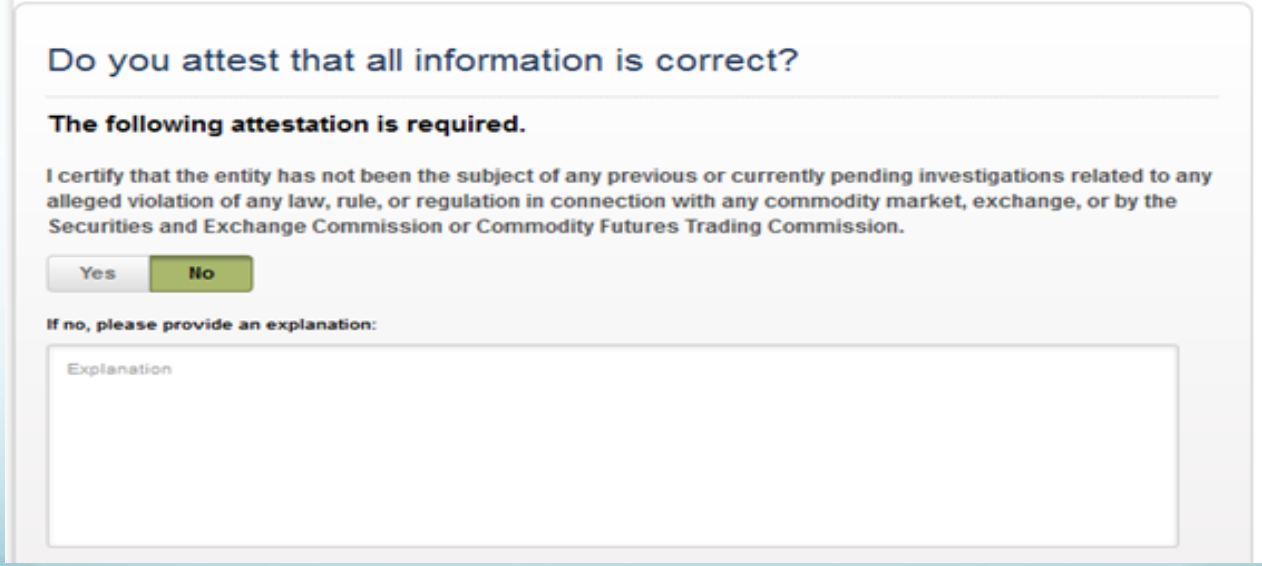
- Once you make the bid guarantee selections, forms for return information will be automatically generated in the Auction Platform:
  - Irrevocable Letters of Credit and Bank Bonds, complete the required Post Auction Return Address form (as shown below).



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.

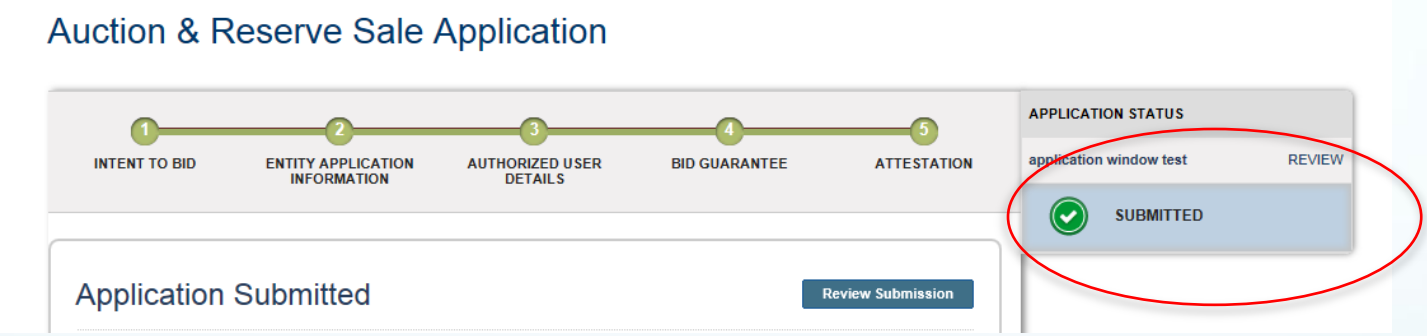
Yes No

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 application status as submitted with a green checkbox.



- Participants will receive an email from 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.

Thank you

Markit Auction Administrator Support Team

Example Application Approved

WCI, Inc.

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**.

Thank you

Markit Auction Administrator Support Team

Bid Submission Bidding Window

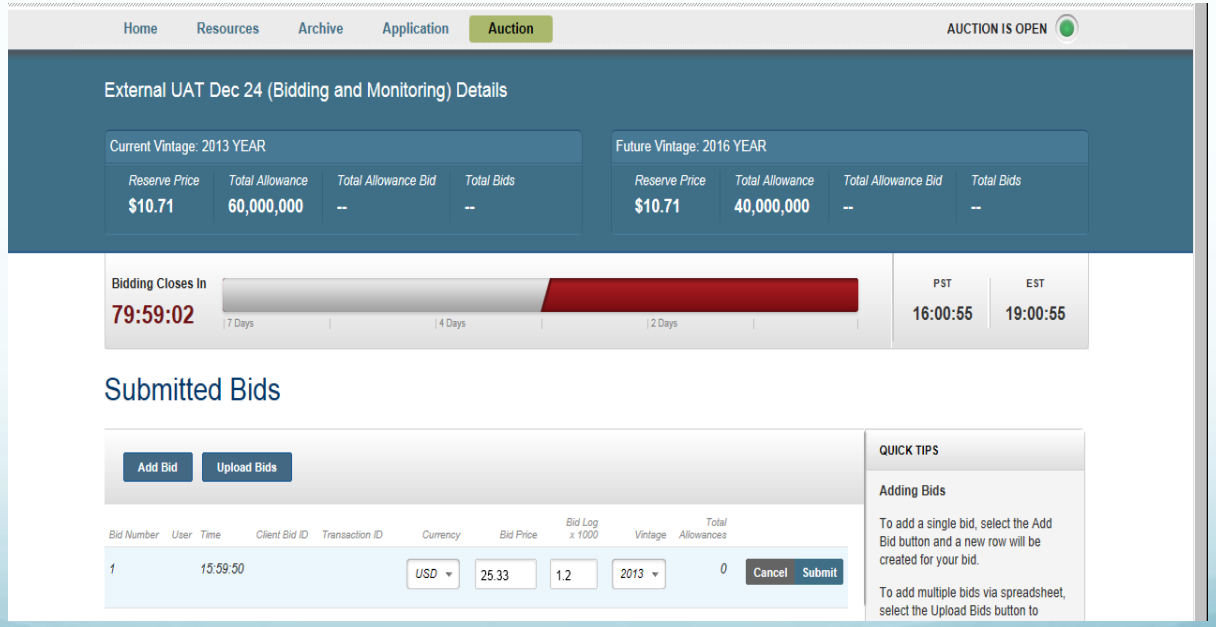
- The bidding window can be accessed by clicking on the Auction tab on the top banner of the Auction Platform.
- The auction participants will be able to see whether the auction window is open or closed on the right hand side of the top banner of the Auction Platform by either a green or red light (a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

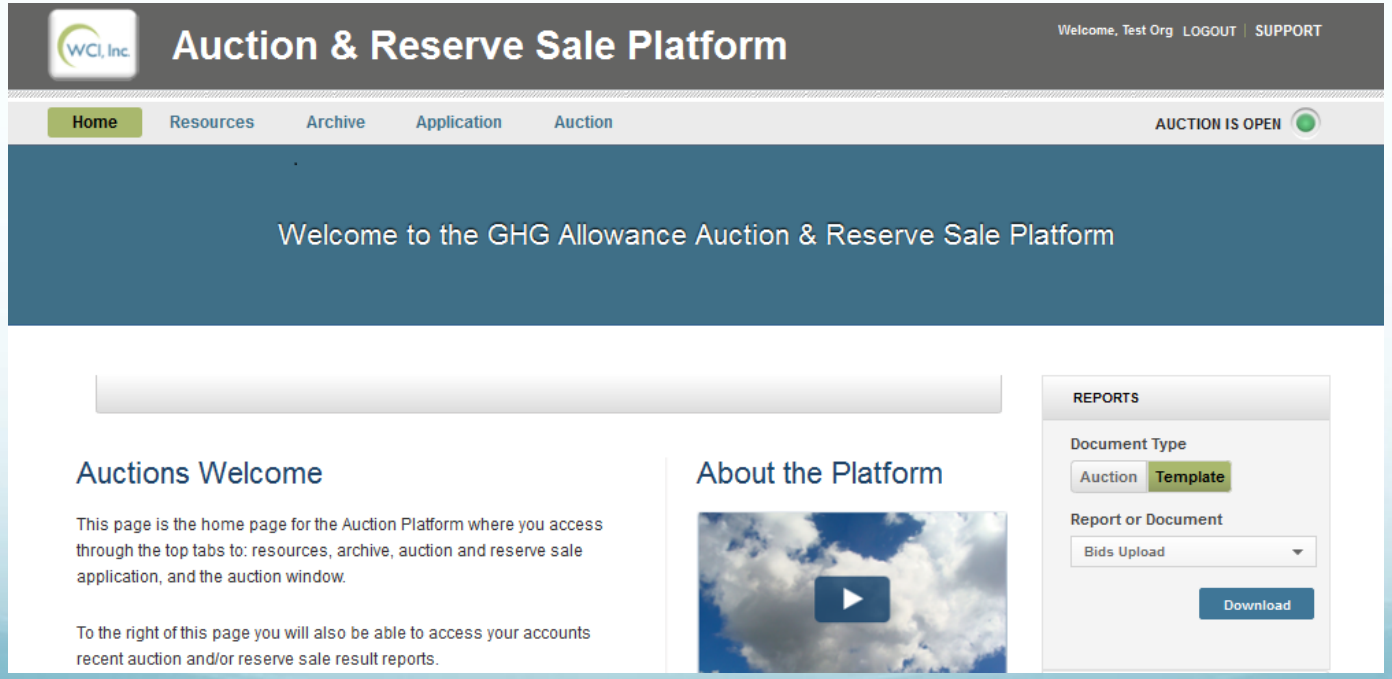
Bid Submission Auction Page

- 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.



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 home page to the right under Reports template.



Bid Submission
Upload Bid Schedule Example

Upload Bids Template - 277

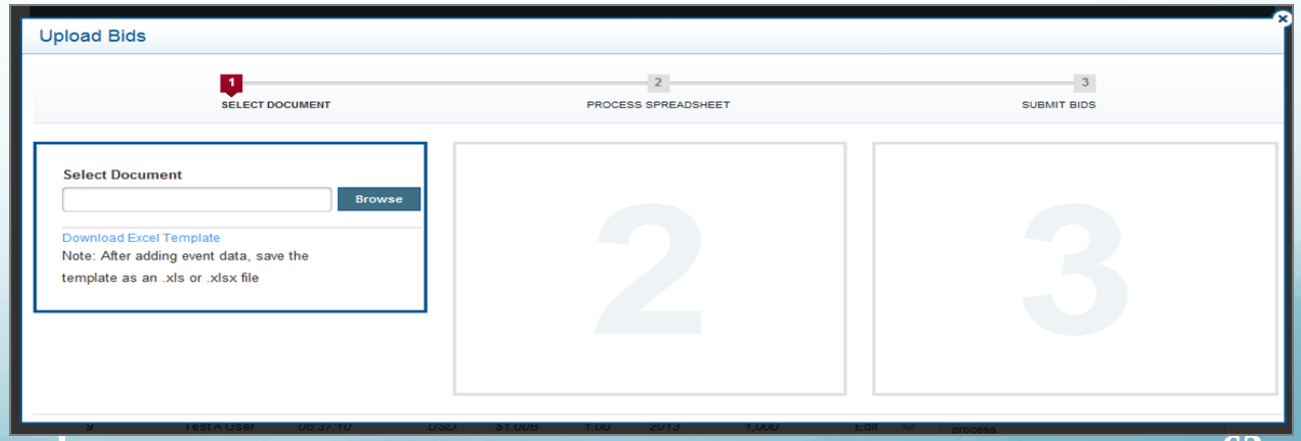
	A	B	C	D	E	F	G	H	I
1		Auction and Reserve Sale Platform							
2		Auction Bid Upload Template							
3									
4	**Currency:**	Select the currency in which you would like to bid from the drop down.							
5	**Bid Price:**	Enter the price in whole dollars and whole cents.						Vintages	Currencies
6	**Bid Lots:**	Enter the number of lots. Each lot is 1,000 allowances.						2013	USD
7	**Bid Allowances:**	Total Bid Allowances is calculated as Bid Lots multiplied by 1,000.						2015	
8	**Instrument Vintage:**	Select the allowance vintage from the drop down.							
9									
10	**Currency**	**Bid Price**	**Bid Lots**	**Bid Allowances**	**Instrument Vintage**				
11				0					
12				0					
13				0					
14				0					
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					

- All bids will be uploaded from the spreadsheet into the bidding window.
- During the bidding window an individual bid uploaded from the bid schedule may be deleted or edited.

Bid Submission
Upload Bid Schedule Example (cont.)

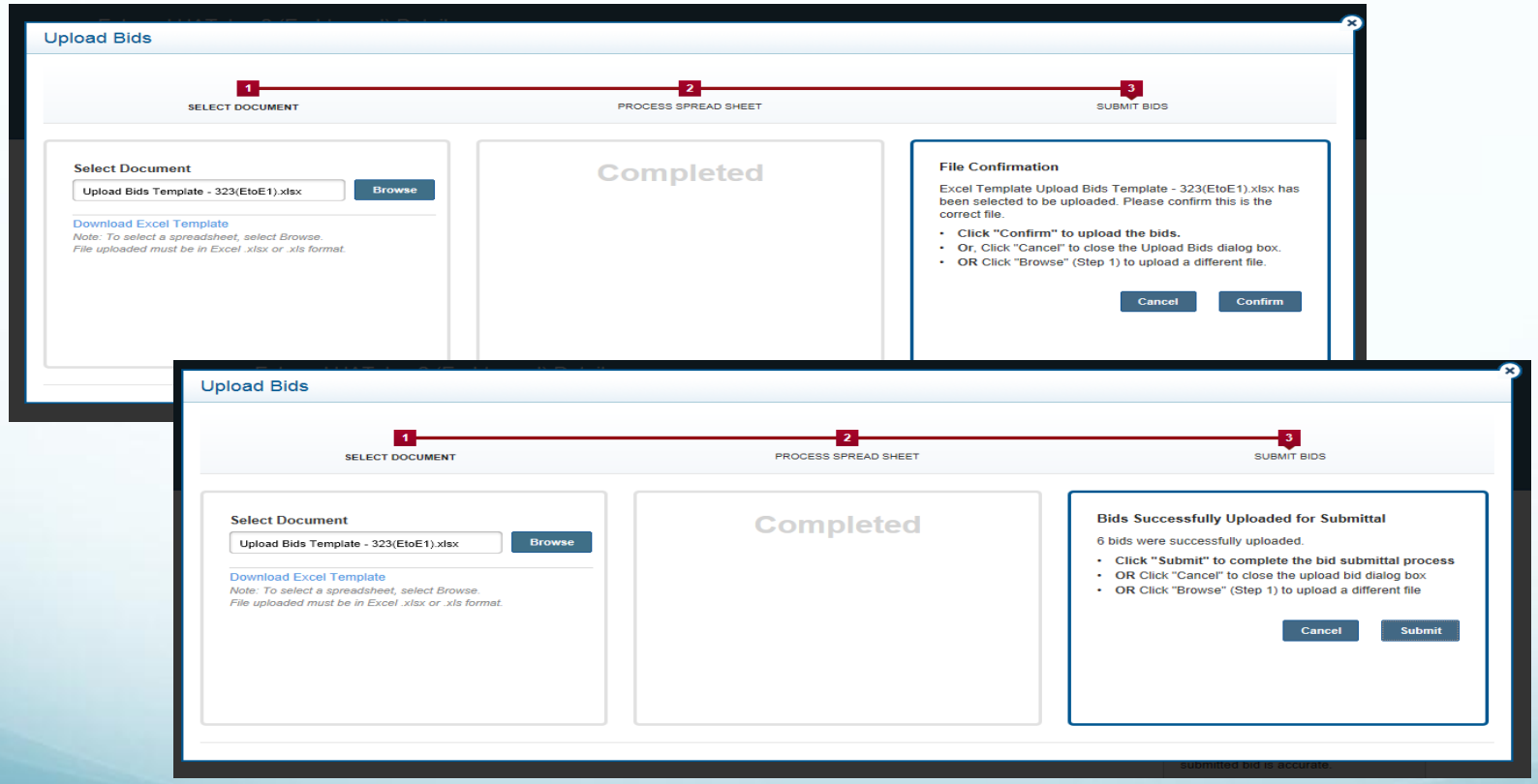
- Bid schedules can be uploaded during the bidding window using the Upload Bids function.

- 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



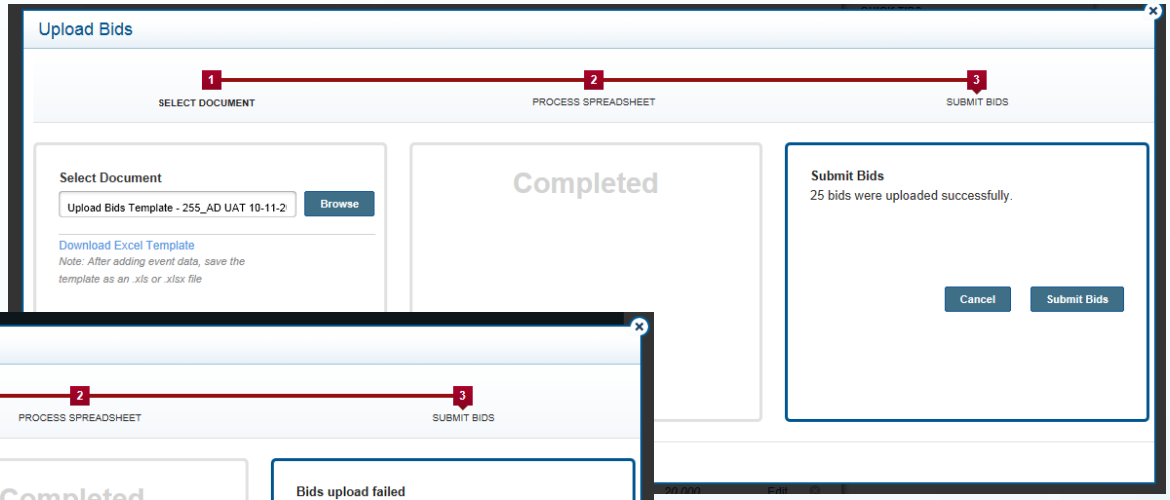
Bid Submission
Upload Bid Schedule Example (cont.)

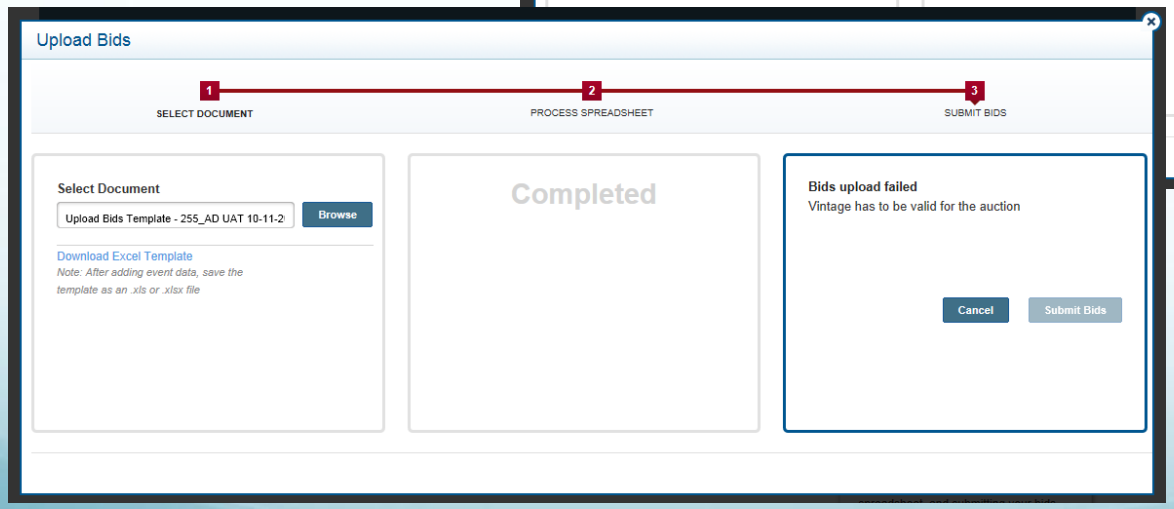
- Bid Upload function Step 3



Bid Schedule Submission

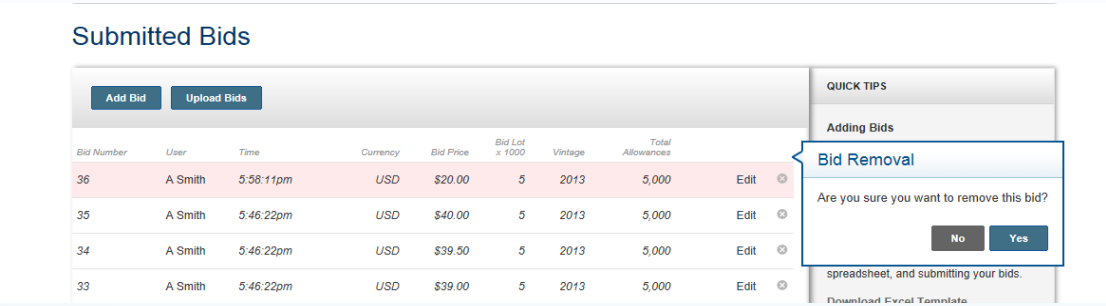
- The Auction Platform will confirm successful or failed bid schedule upload.





Bid Deletion and Editing

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



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

Bid Submission Confirmation

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	**Update Type**	**Update Time**	**Update By**	**Account Holding Number**	**Client Bid ID**	**Transaction ID**	**Bid Submission Time**	**Currency**	**Bid Price**	**Bid Lots**	**Vintage**	**Total Allowance**
5	Created	13:30:52 PST	John.Doe2@company.com	CAXXXX-XX	0DA2	5244	13:30:52 PST	USD	18.75	130	2013	130,000
6	Created	15:13:47 PST	Jane.Doe@company.com	CAXXXX-XX	70B2	5372	15:13:47 PST	USD	15.25	190	2016	190,000
7	Updated	15:21:59 PST	Jane.Doe@company.com	CAXXXX-XX	70B2	5377	15:13:47 PST	USD	15.25	190	2013	190,000
8												

Auction Results

- Auction participants will receive an email from auctionsupport@markit.com to notify them that results are available for the auction.
- The auction results email will include notification to download the Organization Results Report (financial settlement invoice) from the Auction Platform.
- Receipt of the email informing the entity of the availability of the Organization Results Report constitutes delivery of the financial settlement invoice.

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**.

Thank you

Markit Auction Administrator Support Team

Financial Services Administration

- Bid Guarantee Process
- Bid Guarantee Requirements
- Bid Guarantee Review
- Bid Guarantee Revisions
- Financial Settlement
- Bid Guarantee Return
- Auction Consignment

Bid Guarantee Process

- Financial Services Account Opened (first time auction participant) or Verified (previous auction participant).
  - Representatives receive an email from auctionsupport@markit.com confirming the Financial Services account.
  - Log in to Auction Platform to obtain account number and bid guarantee delivery instructions.
  - Wiring Instructions Template on Reports Tab.

Example Auction Application Review and Account Established Email

WCI, Inc.

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 (cont.)

- All bid guarantees must be received by the Financial Services Administrator by the deadline provided in the Auction Notice.
- 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.
- Once your bid guarantee is received, reviewed and deposited by the Financial Services Administrator, you will receive an email from auctionsupport@markit.com confirming your bid guarantee was received by 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 by the deadline provided in the Auction Notice.
- 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.
  - The amount of the LOC or Bank Bond must be included.

Bid Guarantee Requirements – LOC or Bank Bond (cont.)

- The expiration or maturity date must be no earlier than 21 days after the scheduled auction.
- There must be instructions on where to submit the LOC or Bank Bond for payment and contact information for the LOC Bank.
- The Financial Services Administrator must be able to submit a draw via facsimile.
- 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, 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**.

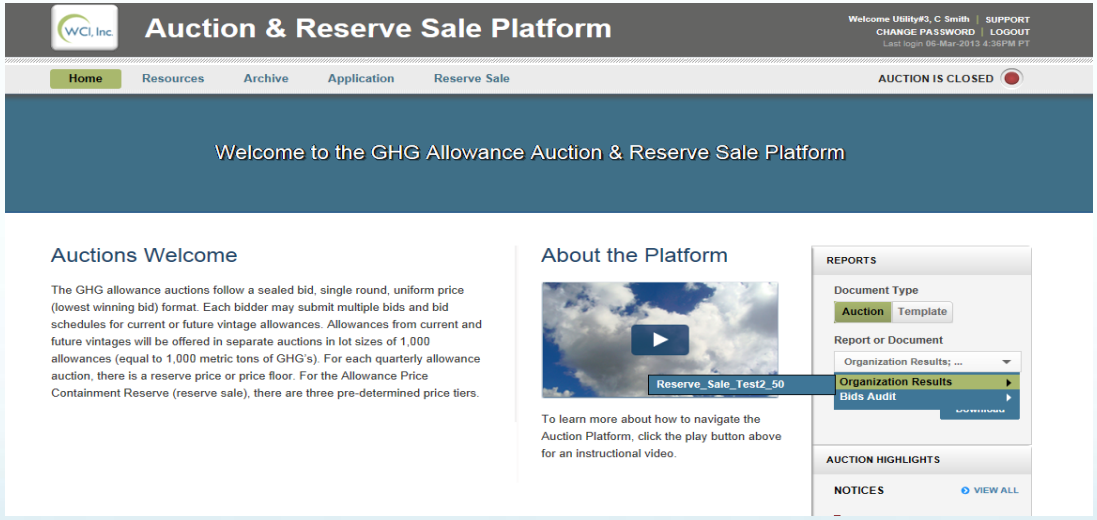
Thank you

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 download their Organization Results Report (settlement invoice) from the Auction Platform



Financial Settlement Invoice

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

Financial Settlement

- For successful bidders that submitted a cash bid guarantee, the cash will be applied to the settlement amount owed.
- Successful bidders that submitted an LOC or Bank Bond as a bid guarantee must provide payment in cash, no later than 7 days after receipt of the email notification.
  - 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 Services Administrator will draw/liquidate the bid guarantees the day after financial settlement is due, to cover any amounts due but not received from a successful bidder by the deadline.

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 no later than the day after settlement is due.
- Any LOC or Bank Bond will be returned no later than 12 days after certification of the auction.

Auction Consignment

- Consignment Proceeds
  - The Financial Services Administrator will contact the representatives of all consigning entities to obtain or confirm wire instructions for delivery of consignment proceeds.
    - Must be confirmed by two (2) account representatives.
    - If the entity has 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 the entity previously consigned and there are no changes from prior proceeds distribution, you can advise the Financial Services Administrator to utilize these instructions for distributing consignment proceeds.

Example Auction Closed 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**.

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
  - Call from 8 AM to 6 PM PT 1(877) 762-7548
- Financial Services Administrator
  - Email support 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 CITSS Help Desk at: help@wci-citss.org or by phone at: 1-866-682-7561.
- 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.