

Auction Participant Training Webinar

Wednesday, October 10, 2012
10:00 am – 1:00 pm

Training Webinar Agenda

- Introductions
- Presentation
 - Auction Summary
 - Auction Process and Participation
 - Bid Guarantee Requirements
 - Settlement Price and Winning Bids Determination
 - Market Monitoring
 - Auction Results
 - Auction Platform
 - Financial Services Administration
 - Auction Resources and Training Materials
- Questions and Answer 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.

Auction Summary

- GHG Allowances Offered for Sale in the November 2012 Auction
 - Current Auction (2013 vintage) 21,804,539
 - Advance Auction (2015 vintage) 39,450,000
- Reserve Price
 - \$10 for both Current Auction and Advance Auction
- Administrative Requirements
 - Eligibility: California covered entities, opt-in covered entities, and voluntarily associated entities
 - Entities must have 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 Application
- Auction Participation
- Auction Bidding

November Auction Schedule

Activities	Date	Time
Auction application window closes in the Auction Platform	Monday, October 15, 2012	11:59 PM PT
All bid guarantees due to Financial Service Administrator	Friday, November 2, 2012	No later than 2:00 PM PT
Consignees transfer consigned allowances from Limited Use Holding Account to Auction Holding Account in the CITSS	By Monday, November 5, 2012	No later than 5:00 PM PT
ARB approves auction participants and participants notified	Monday, November 12, 2012	No later than 5:00 PM PT
Auction held	Wednesday, November 14, 2012	Bidding window open from 10:00 AM – 1:00 PM PT

November Auction Schedule (cont.)

Activities	Date	Time
Public notice of auction results released	Monday, November 19, 2012	
Notification of financial settlement invoice sent to auction participants	Monday, November 19, 2012	
Financial settlement in cash due to Financial Services Administrators	Friday, November 30, 2012	No later than 2:00 PM PT
Financial settlement complete	Wednesday, December 5, 2012	
Transfer of allowances into CITSS Accounts	Friday, December 7, 2012	
Auction proceeds distributed	Monday, December 10, 2012	

Auction Format

- The November 14, 2012 auction is scheduled to take place from 10:00 AM Pacific Time (PT) until 1:00 PM PT.
- The minimum number of GHG allowances that will be available for sale during the November 2012 auction are:
 - Current Auction (2013 vintage): 21,804,539
 - Advance Auction (2015 vintage): 39,450,000
- Reserve Price: USD \$10 (for both current and future vintages)

Auction Eligibility

- California covered entities, opt-in covered entities, and voluntarily associated entities are eligible to participate in the November 2012 GHG allowance auction.
- Prior to participating in an auction, the Primary Account Representative (PAR) and 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.

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; or
 - 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; and
 - The entity must inform ARB that an advisor has been retained.

Auction Application

- Step 1: Apply to participate in the auction (PAR or AAR)
 - Step 1a: Confirm intent to bid
 - Step 1b: Verify entity and account representative information
 - Step 1c: Submit bid guarantee information
 - Step 1d: Complete attestation and submit auction application
- Auction application must be submitted in the Auction Platform by the PAR or AAR by no later than 11:59 PM PT on Monday, October 15, 2012.

Auction Participation

- Step 1: Apply to participate in the auction
- Step 2: Participate in pre-auction activities
- Step 3: Submit bid guarantee
- Step 4: Consign allowances (if applicable)
- Step 5: Participate in the auction
- Step 6: Receive auction results and remit payment

Auction Bidding

- Auction bidding window will be open 3 hours
 - 10:00 a.m. to 1:00 p.m. PT
 - Bid submitted
 - Manual 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

Bid Guarantee Requirements

- Financial guarantee instruments for the November 14, 2012 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 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 November 2nd.

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	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	\$7,203,750
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 voluntary 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

- 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 = 21,804,539 allowances
 - Purchase Limit = $21,804,539 * 0.40$
 - Purchase Limit = 8,721,816

		Purchase Limit
Electricity Distribution Utility	40%	8,721,816
Covered Entity or Opt-In covered Entity	15%	3,270,681
Voluntary Associated Entity	4%	872,182

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.

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 CO₂e
 - “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 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
- 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 around 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

Accepted 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

- Accepted bids are ranked from highest to lowest by price after close of bidding window.
- Accepted 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

- 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 results.
- The Market Monitor will also review activity in the secondary markets.

Auction Results

- Auction participants will receive a results email from auctionsupport@markit.com with the subject line: Auction is certified by ARB.
- The auction results email will include notification to download your settlement invoice from the Auction Platform.

Auction Results (cont.)

- The auction results including the settlement price for the November 14, 2012 auction will be posted on the ARB website and the WCI, Inc. website once the auction has been certified.
- The Auction Platform will provide reports of both the general auction results and a bidder's invoice for successful bids in an auction or reserve sale.
- The auction result report provides general results and statistics of the auction or reserve sale.

Post-Auction Public Summary

Results Report

- Number of allowances available at auction
- Number of allowances sold at auction
- List of qualified bidders
- Ratio of total quantity of allowances bid to total allowances available for sale
 - Total quantity of allowances bid would be for qualified bids and would not include any rejected bids
- Percent of allowances won by compliance entities (this category includes opt-ins)
- Settlement Price

Auction Settlement

- Successful bidders should download their settlement report/invoice from the Auction Platform and submit the financial settlement amount due no later than November 30th.
- The Financial Services Administrator will draw/liquidate the bid guarantees to cover any amounts due but not received from a successful bidder on December 3rd.

Auction Platform

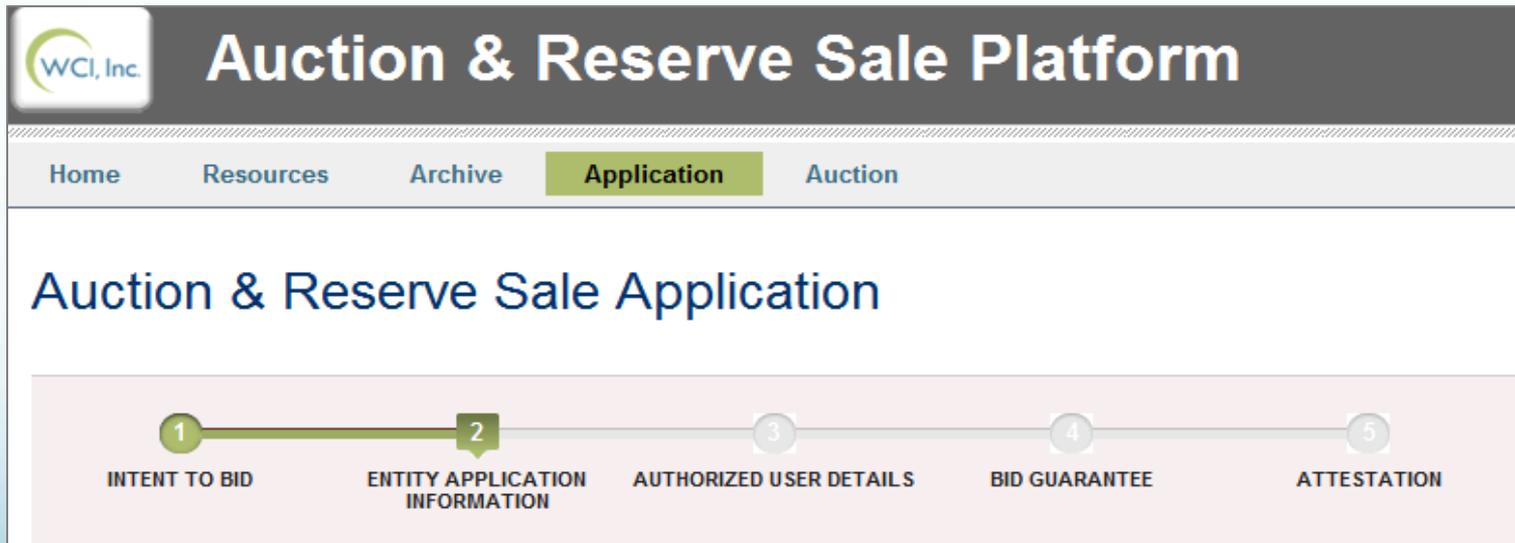
- Overview
- Auction Application Process
 - Account Activation
- Auction Participation
- Bid Submission
- Bid Guarantee Submittal
- Attestation
- Auction Platform Emails

Auction Platform Overview

- The Auction Platform has been designed to provide a state-of-the-art auction solution for California 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 Application Overview

The Auction Platform application process is designed to be user friendly with visual cues and easily accessible information on how to proceed with the application process.



Auction Application Process

- Auction Platform sends account representatives email to activate Auction Platform account
 - Auction Platform user name is account representative's email
 - Auction Platform password is established when activating Auction Platform account
 - Both account representatives should activate accounts and establish password
 - One account representative must submit an intent to bid and the auction application in the Auction Platform for the entity
- Application must be completed by October 15th

Auction Platform Account Activation

- Potential auction participants that have registered and obtained accounts in the CITSS will receive an account activation email during the application window until October 15th from auctionsupport@markit.com with the subject line: Account Activation for Auction Platform.
- The account activation email will contain a link to the Auction Platform set password page where you can activate your account. The link will expire within 24 hours.
- Once your password is set, you will be directed to the Auction Landing Page (<https://www.wci-auction.org>) and can login 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 Test-Auction-ARB.

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

The Auction Platform

- 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 dark grey header with the WCI, Inc. logo on the left, the title 'Auction & Reserve Sale Platform' in the center, and 'Welcome, Test Org LOGOUT | SUPPORT' on the right. Below the header is a navigation bar with tabs for 'Home', 'Resources', 'Archive', 'Application', and 'Auction'. A red indicator shows 'AUCTION IS CLOSED'. A large blue banner below the navigation bar reads 'Welcome to the GHG Allowance Auction & Reserve Sale Platform'. The main content area is divided into several sections: a central announcement 'The next Quarterly Auction will be held on September 04, 2012' with a digital countdown timer showing 28:07:45 (Days, Hours, Mins); a currency converter for 'Auction Reserve Price' showing \$10.00 USD and options for CAD, US Dollar, and Canadian Dollar; a 'REPORTS' section with a 'Document Type' dropdown set to 'Auction' and a 'Report or Document' dropdown; an 'AUCTION HIGHLIGHTS' section; and a 'NOTICES' section with a 'VIEW ALL' link and a notice for 'PRACTICE AUCTION NOTICE: 2012 Q3 AUGUST 30 AUGUST 3, 2012'. On the left, there is an 'Auctions Welcome' section with introductory text and an 'About the Platform' section featuring a video player with a play button over a cloudy sky image.

Auction Participation

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

Auction Participation (cont.)

- Step 4: Consign allowances (if applicable)
- Step 5: Participate in the auction
- Step 6: Receive auction results and remit payment

Auction Platform Application

Step 1: Confirm Intent to Bid

- To confirm your intent to bid in the auction, you will need to select the 2012 Q4 Auction November 14 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.*

Back

Cancel

Confirm & Continue

Auction Platform Application

Step 2: Verify your entity or individual application information

- Entity and individual application details will be pre-populated from the CITSS registration and account application information. Please review the pre-populated fields for consistency with your CITSS registration and account application.
- 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 Platform Application

Step 3: Verify Account Representatives (entities only)

- Please review the pre-populated fields for consistency with your CITSS registration and account application.

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

[Back](#) [Cancel](#) [Confirm & Continue](#)

Auction Platform Application

Step 4: Submit Bid Guarantee Information

- Entities and individuals must indicate the form of bid guarantee (cash or wire transfer, letter of credit, or 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 November 2nd.

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 Platform Application

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 Surety Bond/ 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

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

Auction Platform Application

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

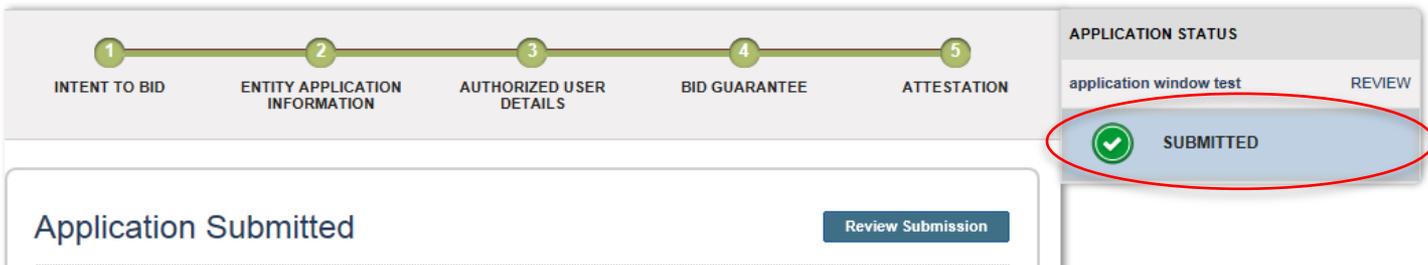
If no, please provide an explanation:

Explanation

Auction Platform Application Status

- Once an auction participant has submitted their application, 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 with the subject line: Application received by the Auction Administrator.

Bid Submission Auction 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 Wednesday, November 14th, 2012, from 10:00AM to 1:00PM 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 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' section of the California Air Resources Board's website. The navigation bar includes 'Home', 'Resources', 'Archive', 'Application', and 'Auction' (highlighted). A status indicator shows 'AUCTION IS OPEN' with a green dot. Below the navigation, there are two summary boxes for 'Current Vintage: 2013 Year' and 'Future Vintage: 2015 Year'. Each box contains a table with columns for 'Reserve Price', 'Total Allowance', 'Total Allowance Bid', and 'Total Bids'. The 'Current Vintage' table shows a Reserve Price of \$30.00 and a Total Allowance of 100,000,000. The 'Future Vintage' table shows a Reserve Price of \$32.00 and a Total Allowance of 100,000,000. Below these tables is a 'Bidding Closes In' section with a progress bar and a timer showing 02:28:08. To the right, there are two time zones: PDT (09:31:50) and EDT (12:31:50). The main section is titled 'Submitted Bids' and features two buttons: 'Add Bid' and 'Upload Bids'. Below the buttons is a table with columns for 'Bid Number', 'User', 'Time', 'Currency', 'Bid Price', 'Bid Lot x 1000', 'Vintage', and 'Total Allowances'. A single bid is listed with Bid Number 1, User, Time 12:31:38, Currency USD, and Total Allowances 0. A 'Submit' button is next to the bid. To the right of the table is a 'QUICK TIPS' section with the heading 'Adding Bids' and instructions on how to add bids, including a link to 'Download Excel Template'.

Reserve Price	Total Allowance	Total Allowance Bid	Total Bids
\$30.00	100,000,000	--	--

Reserve Price	Total Allowance	Total Allowance Bid	Total Bids
\$32.00	100,000,000	--	--

Bidding Closes In **02:28:08**

PDT **09:31:50** EDT **12:31:50**

Bid Number	User	Time	Currency	Bid Price	Bid Lot x 1000	Vintage	Total Allowances
1		12:31:38	USD			2015	0

Auction Bid Schedule Submission

- 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. At the top, there is a dark grey header with the WCI, Inc. logo on the left, the platform name in the center, and 'Welcome, Test Org LOGOUT | SUPPORT' on the right. Below this is a light grey navigation bar with tabs for 'Home', 'Resources', 'Archive', 'Application', and 'Auction'. On the right side of this bar, it says 'AUCTION IS OPEN' with a green indicator. The main content area has a dark blue banner with the text 'Welcome to the GHG Allowance Auction & Reserve Sale Platform'. Below the banner, there are three columns. The left column is titled 'Auctions Welcome' and contains introductory text. The middle column is titled 'About the Platform' and features a video player with a play button. The right column is titled 'REPORTS' and contains a 'Document Type' section with 'Auction' and 'Template' buttons, a 'Report or Document' dropdown menu set to 'Bids Upload', and a 'Download' button.

Bid Schedule Upload

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

The screenshot displays a web interface titled "Upload Bids" with a progress bar at the top. The progress bar has three steps: 1. SELECT DOCUMENT (highlighted with a red square), 2. PROCESS SPREADSHEET (highlighted with a grey square), and 3. SUBMIT BIDS (highlighted with a grey square). Below the progress bar, there are three main sections. The first section, "1 SELECT DOCUMENT", contains a "Select Document" label, 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 section, "2 PROCESS SPREADSHEET", is a large empty box with a large grey number "2" in the center. The third section, "3 SUBMIT BIDS", is a large empty box with a large grey number "3" in the center. At the bottom of the interface, there is a status bar with text: "TESTUSER 08/27/10 05:21:05 100 2013 1,000 Edit Process".

Auction Platform Emails

- Account Activation
- Application Received
- Application Reviewed
- Bid Guarantee Received
- Application Status for Upcoming Auction
- Organization Results Report
- Auction Certified
- Auction Final

Financial Services Administration

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

Auction Bid Guarantee Process

- An applicant will receive an email during the auction application window with the subject line: Application reviewed by Financial Services Administrator.
- The email will include your bid guarantee account number as well as delivery instructions for submitting your bid guarantee.
- Upon receipt of this email, you can deposit your bid guarantee with the Financial Services Administrator.

Auction 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 with the subject line: Bid Guarantee received by Financial Services Administrator.
- All bid guarantees must be received by the Financial Services Administrator by November 2nd.
- 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 November 2nd.
- 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 Bond

- LOC or Bond must be issued by a U.S. Financial Institution with a U.S. Banking License.
- The required terms for an LOC or Surety Bond are:
 - Party named as Applicant on LOC or 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 Bond (cont.)

- The amount of the LOC or Bond must be included.
- The expiration or maturity date must be no earlier than December 5th (i.e. 21 days after the scheduled auction or reserve sale).
- There must be instructions on where to submit the LOC or Bond for payment.
- LOC must include a payment certificate/form of draw as an annex or exhibit. There must be a cutoff time of no earlier than 9am PT for same day draw/payment.

Bid Guarantee Review

- Deutsche Bank 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 Bond are encouraged to remit it as soon as they are notified that their account has been established with Deutsche Bank.

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 Friday, November 2, 2012, 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.

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 November 30th.
- Any LOC or Surety Bond will be returned by December 5th.

Auction Consignment

- Consignment
 - Must have CITSS account to receive allowances
 - Must transfer from Limited Use Holding Account to Auction Holding Account
- Consignment Proceeds
 - Financial Services Administrator will email the Primary and Alternative Account Representative to obtain wire instructions for consignment proceeds prior to auction.
 - If you are a bidder and have completed the wire payment instructions as part of the application process, you can advise the Financial Services Administrator to utilize these instructions for distributing consignment proceeds.

Auction Consignment (cont.)

- If bidding in auction but need proceeds to be sent to different account than bid guarantee return, participants can provide the Financial Services Administrator with wire payment instructions.
- 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.

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

Auction Resources & Training Material

- Training materials are available on the Resources tab of the Auction Platform.
- Training materials available in the public 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.

Auction and Financial Services Contact Information

- Auction Administrator
 - Email support available 24 hours M-F
auctionsupport@markit.com
 - Call from 8AM to 6PM 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 California CITSS Help Desk at: CACITSSHelpDesk@arb.ca.gov 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