

GHG Allowance Auction Participant Training Webinar

Tuesday, September 25, 2012

1:00 PM – 3:00 PM PT

Webinar Agenda

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- Auction Eligibility
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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.

Updated November Auction Schedule

Activities	Date	Time
Bidders' conference	Thursday, October 4, 2012	9:00 AM – 12:00 PM PT
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

November Auction Schedule (cont.)

Activities	Date	Time
Auction held	Wednesday, November 14, 2012	Bidding window open from 10:00 AM – 1:00 PM PT
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	

Upcoming Bidders Conference and Webinars

- **Bidders' Conference**

- ARB will hold a bidders' conference prior to the November 2012 auction from 9:00 AM to 12:00 PM PT on Thursday, October 4th, 2012, in Sacramento at the California Environmental Protection Agency (Cal/EPA) headquarters building and via teleconference.
- Directions to the Cal/EPA headquarters building can be found at: <http://www.calepa.ca.gov/EPABldg/location.htm>.
- Dial-In Numbers (use either number):
 - (415) 228-5031
 - (888) 972-7810 (toll free)
 - Participant Passcode: 49700

Upcoming Bidders Conference and Webinars

- **Next Auction Participant Training Webinar**
 - Date: Wednesday, October 10th, 2012
 - Time: 10:00 AM – 12:00 PM PT
 - To dial-in, please use the Participant Phone numbers and Webinar Passcode listed below:
 - Participants US and Canada Toll free: 888-523-1227
 - Participants International Toll: +1 719-457-2665
 - Conference ID: 1560064
 - Click here to join the Webinar:
<http://markit.adobeconnect.com/r1h7jaalmhc/> and sign in as a guest.

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 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 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

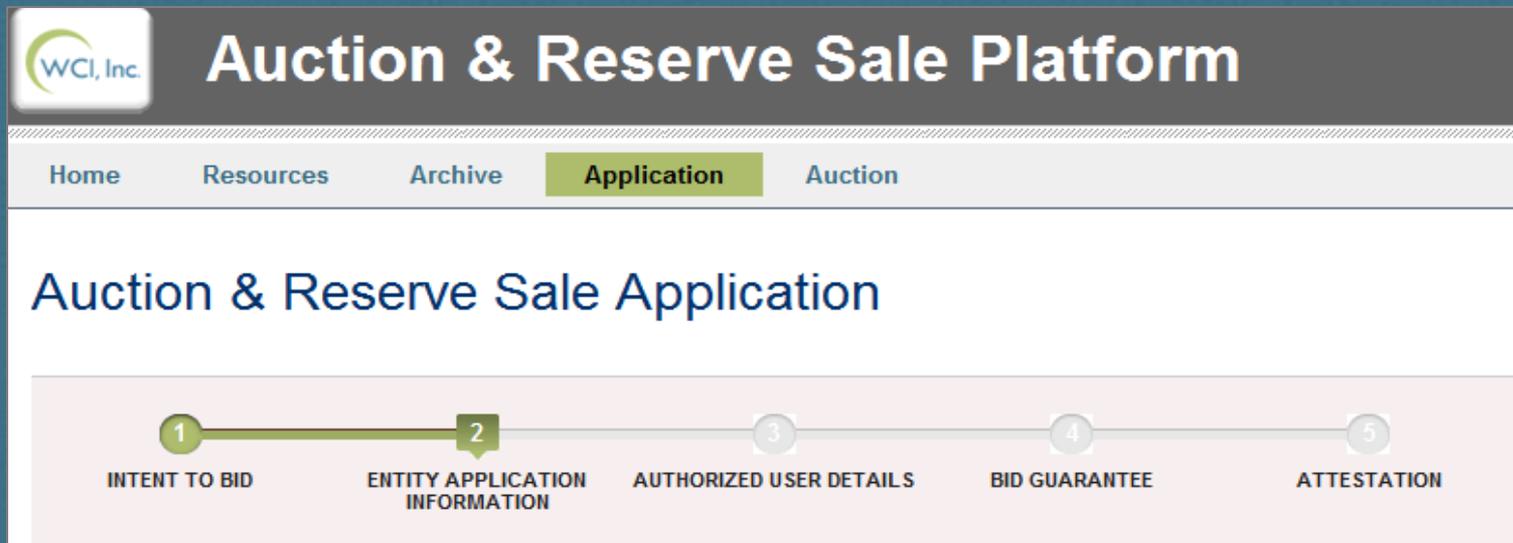
The Auction Platform

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 landing page of the Auction & Reserve Sale Platform. The header includes the WCI, Inc. logo, the title "Auction & Reserve Sale Platform", and user information: "Welcome, Test Org | LOGOUT | SUPPORT". A navigation menu contains "Home", "Resources", "Archive", "Application", and "Auction". A status indicator on the right says "AUCTION IS CLOSED" with a red circle icon. The main content area features a large blue banner with the text "Welcome to the GHG Allowance Auction & Reserve Sale Platform". Below this, a white box displays "The next Quarterly Auction will be held on September 04, 2012" and a digital countdown timer showing "28:07:45" (Days, Hours, Mins). A table below the timer shows "Auction Reserve Price \$10.00 USD -- CAD" and "FX Rate -- US Dollar -- Canadian Dollar". The page is divided into three columns: "Auctions Welcome" with introductory text, "About the Platform" with a video player showing a play button on a cloudy sky, and a right-hand sidebar with "REPORTS" (Document Type: Auction, Template; Report or Document: Select), "AUCTION HIGHLIGHTS", and "NOTICES" (PRACTICE AUCTION NOTICE: 2012 Q3 AUGUST 30 AUGUST 3, 2012).

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 Platform Application Process Overview

The auction application process requires all participants to complete the following steps in the Auction Platform:

Step 1: Confirm intent to bid

Step 2: Verify entity or individual application information

Step 3: Verify account representative details (for entities only)

Step 4: Submit bid guarantee information

Step 5: Attestation

The 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 15th, 2012

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.

Only the fields shown require verification.

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

The screenshot displays the 'Auction & Reserve Sale Application' process. A progress bar at the top shows five steps: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. Below the progress bar, the text 'Application Submitted' is visible, along with a 'Review Submission' button. On the right side, the 'APPLICATION STATUS' section shows a table with one entry: 'application window test' with a 'REVIEW' link. Below this entry, a blue box with a green checkmark and the word 'SUBMITTED' is highlighted with a red dashed border.

- Participants will receive an email from auctionsupport@markit.com with the subject line: Application received by the Auction Administrator.

Auction Bid Guarantee Process

- Participants will receive during the application window an email notification from the Auction Platform auctionsupport@markit.com with the subject line: Application for Auction reviewed by Financial Services Administrator. This indicates that an account has been established with the Financial Services Administrator.
- The email will include your bid guarantee account number as well as instructions on where and how to deliver your bid guarantee(s) to the Financial Services Administrator.
- Upon receipt of this email indicating your account is opened, you can deposit your bid guarantee with the Financial Services Administrator. All bid guarantees must be submitted no later than, Friday, November 2nd 2012 .

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 Guarantees-LOC and Surety Bond Requirements

- Auction participants must submit one or a combination of either cash, LOC and/or Surety 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 Guarantees-LOC and Surety Bond Requirements

- 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 Guarantees-LOC and Surety Bond Requirements (cont.)

- 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. We encourage all bidders that intend to submit either an LOC or Bond to remit it as soon as you are notified that your account has been established with Deutsche Bank.

Auction Application Approval or Rejection

- Each applicant for the November Auction will be notified via email within two (2) days of the auction date, as to whether their auction application has been approved or denied.
- Based on ARB's determination, your application approval or rejection status will be communicated via a email from auctionsupport@markit.com with the subject line: Application status for the upcoming auction.
- Your Application Status bar on the right hand side of Auction Platform will also reflect ARB's determination.

Auction Format

- The November 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)
- The number of allowances listed for the Current Auction is a minimum number and may increase as a result of additional consignments of allowances. Potential bidders will be notified of any change to the total number of allowances offered for sale, and any change will be reflected in the Auction Platform during the bidding window of the auction on November 14th, 2012.

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).

Auction 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, and the vintage must be selected. The Number of Total Allowances will be calculated based on Number of Bid Lots entered .

The screenshot displays the Auction Platform interface. At the top, navigation tabs include Home, Resources, Archive, Application, and Auction (highlighted). A status indicator shows 'AUCTION IS OPEN' with a green dot. Below this, two summary boxes for 'Current Vintage: 2013 Year' and 'Future Vintage: 2015 Year' show Reserve Price (\$30.00 and \$32.00), Total Allowance (100,000,000), Total Allowance Bid (--), and Total Bids (--). A 'Bidding Closes In' progress bar shows 02:28:08 remaining, with PDT and EDT closing times of 09:31:50 and 12:31:50. The 'Submitted Bids' section features 'Add Bid' and 'Upload Bids' buttons. A table lists submitted bids with columns for Bid Number, User, Time, Currency, Bid Price, Bid Lot x 1000, Vintage, and Total Allowances. A 'Submit' button is visible next to the first bid entry. A 'QUICK TIPS' sidebar provides instructions on adding bids and downloading an Excel template.

Current Vintage: 2013 Year	Future Vintage: 2015 Year
Reserve Price	Reserve Price
\$30.00	\$32.00
Total Allowance	Total Allowance
100,000,000	100,000,000
Total Allowance Bid	Total Allowance Bid
--	--
Total Bids	Total Bids
--	--

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

Auction 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.

Auction Bid Schedule Submission

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

The screenshot shows the top navigation bar of the Auction & Reserve Sale Platform. On the left is the WCI, Inc. logo. The main title is "Auction & Reserve Sale Platform". On the right, it says "Welcome, Test Org | LOGOUT | SUPPORT". Below this is a navigation menu with tabs: "Home" (highlighted in green), "Resources", "Archive", "Application", and "Auction". On the far right of the navigation bar, it says "AUCTION IS OPEN" next to a green circular indicator.

Welcome to the GHG Allowance Auction & Reserve Sale Platform

The screenshot shows the main content area of the platform. On the left, there is a section titled "Auctions Welcome" with a sub-header "Auctions Welcome". Below it, there is a paragraph of text: "This page is the home page for the Auction Platform where you access through the top tabs to: resources, archive, auction and reserve sale application, and the auction window." Below that, another paragraph: "To the right of this page you will also be able to access your accounts recent auction and/or reserve sale result reports." In the center, there is a section titled "About the Platform" with a video player showing a blue sky with white clouds and a play button. On the right, there is a "REPORTS" sidebar. It has a "Document Type" section with "Auction" and "Template" buttons, where "Template" is highlighted in green. Below that is a "Report or Document" section with a dropdown menu showing "Bids Upload" and a "Download" button.

Auction Bid Schedule Submission

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

Upload Bids

1 SELECT DOCUMENT 2 PROCESS SPREADSHEET 3 SUBMIT BIDS

Select Document

[Browse](#)

[Download Excel Template](#)

Note: After adding event data, save the template as an .xls or .xlsx file

2

3

9 test@user 00:37:10 USD \$1,000 1.00 2015 1,000 Edit process

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.
- The auction results including the settlement price for the November 2012 auction will be posted on the ARB website at <http://www.arb.ca.gov/cc/capandtrade/auction/auction.htm> and the WCI, Inc. website at <http://www.wci-inc.org> once the auction is certified.

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.
- All bid guarantees will be returned as soon as practical, but not later than December 5th.
- Transfer of allowances into CITSS Accounts will be done on December 7th.
- Distribution of auction proceeds including payment to consignees will be completed no later than December 10th.

Auction Consignment

- **Consignment**
 - Must have CITSS Account to receive allowances.
 - Must transfer from Limited Use Holding Account to Auction Holding Account.
- **Consignment Proceeds**
 - Provide wiring instructions in bid guarantee process in auction application process.
 - If not bidding in auction:
 - You may submit intent to bid for auction and submit bid guarantee of zero dollars.
 - If bidding in auction but need proceeds to be sent to different account than bid guarantee return
 - Contact Financial Services Administrator
 - Phone: (212) 250-6645
 - Email: CAARB.inbox@db.com

Training Resources

- Once logged into the Auction Platform, participants will have access to public notices and updates as well as additional training materials including:
 - The Auction Platform User Guide
 - Frequently Asked Questions
 - Auction participant training webinar session PowerPoint presentation with video playback

Auction Support and Additional Contact Information

To contact support:

Auction Administrator

- Email support available 24 hours M-F auctionsupport@markit.com
- Call from 8AM to 6PM PT +1 877 7MARKIT (1-877-762-7548)

Financial Services Administrator

- Email support CAARB.inbox@db.com
- Call 212-250-6645

California Air Resources Board

- 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.