

CA-QC Practice Auction Participant Training Presentation

Presented By:

California Air Resources Board

and

Ministère du Développement durable, de l'Environnement et de
la Lutte contre les changements climatiques (MDDELCC)

Last Updated:

July 2014

CA-QC Practice Auction Participant Training

- The intent of this CA-QC Practice Auction Participant Training and the Practice Auction Notice is to introduce stakeholders to the anticipated format and content of the notice and training that will be provided for a joint auction.
- The CA-QC Practice Auction is NOT the same event as the jurisdiction-specific August 2014 auctions.
- Please ensure that detailed requirements and deadlines as provided in each respective Auction Notice and Auction Schedule are followed closely for each event to allow for participation in the CA-QC Practice Auction and the August 2014 jurisdiction-specific auctions.

Where the CA-QC Practice Auction requirements differ from the requirements for a joint auction, notes and additional direction are provided in a red text box.

Auction Participant Training Agenda

❖ Section I: Overview

- Introduction
- Auction Summary
- General Auction Schedule
- Administrative Requirements
- Currency Management

❖ Section II: Auction Participation & Bidding

- Auction Participation Process
- Auction Bidding
- Bidding Limitations
- Auction Conduct
- Market Monitoring

❖ Section III: Auction Results & Financial Settlement

- Settlement Price and Bid Fulfillment Determination
- Auction Results
- Financial Settlement
- Question and Answer Session
- Contact Information

Auction Participant Training Agenda

❖ Section I: Overview

- Introduction
- Auction Summary
 - Eligibility
- General Auction Schedule
- Administrative Requirements
 - CITSS Account
 - Select CITSS “Auction Participation” Box
 - Auction Platform Account
- Currency Management
 - Auction Exchange Rate
 - Auction Reserve Price

Introduction

- On January 1, 2014, the California Cap-and-Trade Program and Québec Cap-and-Trade System officially linked, enabling the mutual acceptance of compliance instruments (emission allowances and offset credits) issued by each jurisdiction to be used for compliance with each program.
- As a result of the linked jurisdiction programs, California (CA) and Québec (QC) will hold joint greenhouse gas (GHG) allowance auctions to allow market participants to acquire GHG allowances.

Auction Summary

- Auction notices are posted 60 calendar days prior to each auction.
- The total number of GHG allowances that will be available for sale during each auction is provided in the Auction Notice posted prior to each event.
- 2014 Annual Auction Reserve Price:
 - **California:** \$11.34 United States Dollars (USD) for both the Current Auction and Advance Auction; and
 - **Québec:** \$11.39 Canadian Dollars (CAD) for both the Current Auction and Advance Auction.
- The Auction Exchange Rate (USD to CAD) and the Auction Reserve Price (USD and CAD) for the joint auction will be displayed in the Auction Platform the business day prior to the auction.

Auction Summary: Eligibility

- **California:** covered entities, opt-in covered entities, and voluntarily associated entities are eligible to participate.
- **Québec:** emitters and participants are eligible to participate.
- Note: In this presentation, the term “entity” is used to refer to all entities and individuals registered under either the California Cap-and-Trade Program or Québec Cap-and-Trade System.

General Auction Schedule

This General Auction Schedule is specific to the required schedule for a joint auction. The auction schedule for the CA-QC Practice Auction is provided in the CA-QC Practice Auction Notice.

Activities	Auction Time Period	Time - Pacific Time (PT) / Eastern Time (ET)
Auction Notice posted – Application period opens in the Auction Platform	60 days prior to auction	12:00 PM PT (Noon) / 3:00 PM ET
Deadline for making changes in CITSS and for submitting all hard copy documents accompanying these changes to the applicable jurisdiction CITSS Registrar	No later than 40 days prior to auction	
Application period closes in the Auction Platform	30 days prior to auction	11:59 PM PT / 2:59 AM ET

General Auction Schedule

Activities	Auction Time Period	Time - Pacific Time (PT) / Eastern Time (ET)
All bid guarantees due to Financial Services Administrator	12 days prior to auction	No later than 2:00 PM PT / 5:00 PM ET
Auction participants approved and PAR and AARs notified	2 days prior to auction	No later than 5:00 PM PT / 8:00 PM ET
Auction held	Date provided in Auction Notice	Bidding window 10:00 AM – 1:00 PM PT / 1:00PM – 4:00 PM ET
Public notice of auction results released	3 business days after auction	12:00 (Noon) PM PT / 3:00 PM ET
Notification of the availability of auction results sent to auction participants	3 business days after auction	12:00 (Noon) PM PT / 3:00 PM ET

General Auction Schedule

Activities	Auction Time Period	Time - Pacific Time (PT) / Eastern Time (ET)
Financial settlement in cash due to Financial Services Administrator	7 days after notification of the availability of the financial settlement invoice	No later than 2:00 PM PT / 5:00 PM ET
Distribution of auction proceeds	Completed no later than 6 business days after financial settlement is due	
Transfer of allowances into CITSS Accounts	6 business days after financial settlement is due	12:00 (Noon) PM PT / 3:00 PM ET
Earliest date for bid guarantee expiration	26 days after auction	

Administrative Requirements: CITSS Account

Compliance Instrument Tracking System Service (CITSS)

- Prior to participating in an auction, the entity must have an approved CITSS account with a Primary Account Representative (PAR) and at least one Alternate Account Representative (AAR).
- The entity must indicate an interest to participate and first select the “Auction Participation” box on the Auction Tab in CITSS.
- PAR and/or AAR(s) are the only individuals that can be authorized to bid on behalf of the entity during the auction.

Administrative Requirements: Select CITSS “Auction Participation” Box

To be able to participate in an auction, all entities:

- Must indicate the entity’s intent to participate in an upcoming auction by selecting the “Auction Participation” box in CITSS.
 - If box is already selected, no further action in CITSS is needed.
- To select the “Auction Participation” box in CITSS, step-by-step instructions are provided in CITSS User Guides. Contact CITSS Help Desk for further questions. Contact information is provided at the end of this presentation.

Administrative Requirements: Auction Platform Account

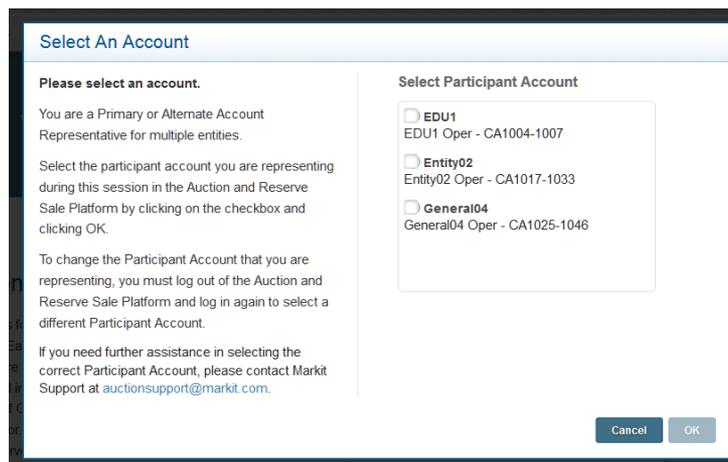
- The Auction Platform allows entity representatives to apply, post bids, review results, and download reports for an auction.
- Representatives that intend to act on an entity's behalf to submit an application or submit bids must have an active Auction Platform account.
 - If the representative previously activated an Auction Platform account, the previously established username and password can be used for account access.
 - If the representative has not previously been designated as the PAR or an AAR for an entity that indicated interest in auction participation, the representative will receive an email inviting him or her to activate his or her Auction Platform account.

Administrative Requirements: Auction Platform “Account Activation”

- A first time representative will receive an “Account Activation for Auction Platform” email from auctionsupport@markit.com.
- The account activation email will contain an activation link for the representative to activate his or her Auction Platform account by establishing security questions and an account password.
 - The activation link can only be used once and expires within 24 hours.
- The username for an Auction Platform account is the email address as listed in CITSS (e.g. john.doe@email.com).

Administrative Requirements: Auction Platform Account – Representatives of Multiple Entities

- Consistent with CITSS, the Auction Platform allows an individual to represent multiple entities as a PAR or AAR.
- Auction Platform Example: The “Select an Account” pop up displays multiple account selections for users that are associated with more than one entity.



The screenshot shows a web-based dialog box titled "Select An Account". The dialog is split into two main sections. The left section contains instructions: "Please select an account. You are a Primary or Alternate Account Representative for multiple entities. Select the participant account you are representing during this session in the Auction and Reserve Sale Platform by clicking on the checkbox and clicking OK. To change the Participant Account that you are representing, you must log out of the Auction and Reserve Sale Platform and log in again to select a different Participant Account. If you need further assistance in selecting the correct Participant Account, please contact Market Support at auctionsupport@markit.com." The right section is titled "Select Participant Account" and contains three radio button options: "EDU1" (EDU1 Oper - CA1004-1007), "Entity02" (Entity02 Oper - CA1017-1033), and "General04" (General04 Oper - CA1025-1046). At the bottom right of the dialog are "Cancel" and "OK" buttons.

Currency Management

- For a joint auction, both USD and CAD will be accepted, while all bid assessments, settlement price determinations, and the cost of all allowances awarded will be determined in USD.
- **CA entities** will submit bid guarantees, bids, and complete financial settlement in USD only.
- **QC entities** have the option of participating in the auction in either USD or CAD. The currency selected during the auction application process will determine the currency of the bid guarantee and bids to be submitted, and completion of financial settlement.
 - No changes to the currency selection can be made once the application is submitted.

Currency Management: Auction Exchange Rate

- In order to manage multiple currencies, an Auction Exchange Rate (FX Rate) is determined prior to each joint auction.
- The Auction Exchange Rate (USD to CAD) in effect the day of the joint auction and for financial settlement will be set the business day prior to the auction as the most recently available noon daily buying rate for U.S. and Canadian dollars as published by the Bank of Canada.
- In the Auction Platform, the Auction Exchange Rate is displayed as USD to CAD FX Rate.

Currency Management: Auction Reserve Price

- The Auction Reserve Price will be determined as the higher of the California or Québec Annual Auction Reserve Prices after applying the established Auction Exchange Rate.
- The Auction Reserve Price is the lowest price at which current and advance allowances offered in the auction will be sold.
- Bids submitted with a bid price below the Auction Reserve Price will not be accepted.
- The Auction Exchange Rate (USD to CAD) and the Auction Reserve Price (in USD and CAD) for the joint auction will be displayed in the Auction Platform the business day prior to the auction.

NOTE: The Annual Auction Reserve Price is displayed as the “Announced Reserve Price” in the Auction Platform.

Currency Management: Auction Reserve Price

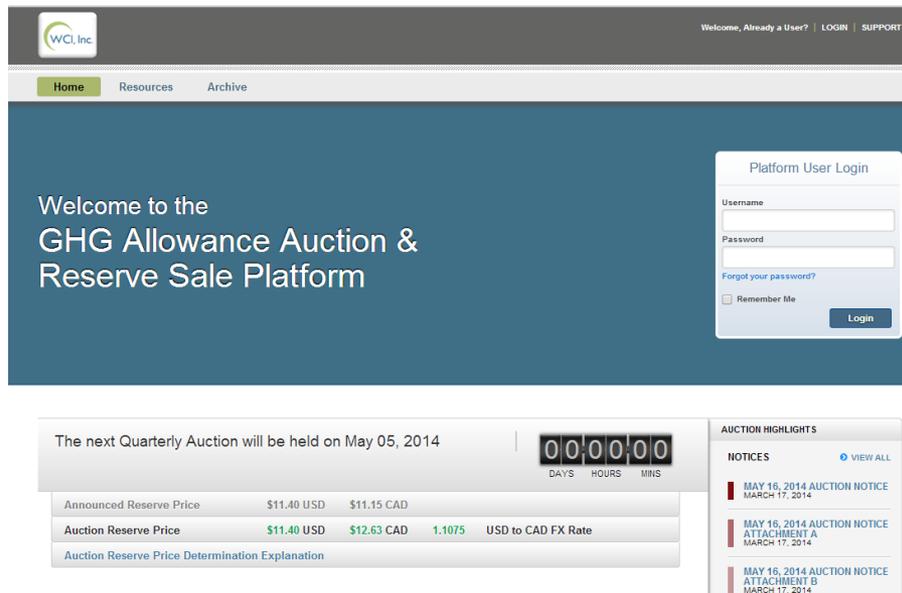
Auction Exchange Rate	1.1000
California Annual Auction Reserve Price (USD)	11.34
California Annual Auction Reserve Price (CAD Value)	12.47
Québec Annual Auction Reserve Price (CAD)	11.39
Québec Annual Auction Reserve Price (USD Value)	10.35

The bolded values in the table above indicate that in this example only the California Annual Auction Reserve Price will be the Auction Reserve Price (\$11.34 USD and \$12.47 CAD). The Auction Exchange Rate of 1.1000 is for example purposes only and not representative of the actual anticipated exchange rate for any auction.

Currency Management: Auction Reserve Price

Starting July 29, 2014 with the opening of the CA-QC Practice Auction application period, all Auction Reserve Price and Exchange Rate data displayed will be specific to the CA-QC Practice Auction. After August 8, 2014, data displayed for CA entities will again be specific to the CA August 2014 auction.

Auction Platform Example: Auction Reserve Price



The screenshot shows the website interface for the GHG Allowance Auction & Reserve Sale Platform. At the top, there is a navigation bar with 'Home', 'Resources', and 'Archive'. The main content area features a 'Platform User Login' form with fields for 'Username' and 'Password', a 'Remember Me' checkbox, and a 'Login' button. Below the login form, there is a section for the next quarterly auction, scheduled for May 05, 2014, with a digital countdown timer showing 00:00:00. A table displays the 'Announced Reserve Price' and 'Auction Reserve Price' in both USD and CAD, along with the 'USD to CAD FX Rate' of 1.1075. To the right, there is an 'AUCTION HIGHLIGHTS' section with a 'VIEW ALL' link and a list of notices for the May 16, 2014 auction, including attachments A and B.

Item	USD	CAD	FX Rate
Announced Reserve Price	\$11.40	\$11.15	
Auction Reserve Price	\$11.40	\$12.63	1.1075

Currency Management: CAD Bid Submission

- The value of all bids and bid guarantees submitted in CAD will be converted into USD in whole cents using the established Auction Exchange Rate to conduct the auction in a single currency, including the evaluation of bids on a common basis.
- The total cost of allowances will be determined in USD and then converted to a CAD value based on the Auction Exchange Rate so the entity can complete financial settlement in CAD.

Auction Participant Training Agenda

❖ Section II: Auction Participation & Bidding

- Auction Participation Process
 - Steps 1 - 4
- Auction Bidding
- Bidding Limitations
 - Auction Reserve Price
 - Bid Guarantees
 - Purchase Limits
 - Holding Limits
- Auction Conduct
- Market Monitoring

Auction Participation Process: Steps 1 - 4

An entity will need to follow these general steps to participate in an auction:

- **Step 1:** Auction Application
- **Step 2:** Submit bid guarantee form, currency, and return instructions
- **Step 3:** Receive notice of entity's approval to participate
- **Step 4:** Participate in the auction

Auction Participation Process

Step 1: Auction Application

- If an entity has not previously been approved to participate in an auction, a PAR or AAR must submit an auction application through the Auction Platform.
- If an entity has previously been approved to participate in an auction, a PAR or AAR must confirm the entity's intent to bid through the Auction Platform.
- For simplicity, the Auction Platform uses the term “application” whether an initial auction application or an intent to bid is being confirmed.

Auction Participation Process

Step 1: Auction Application

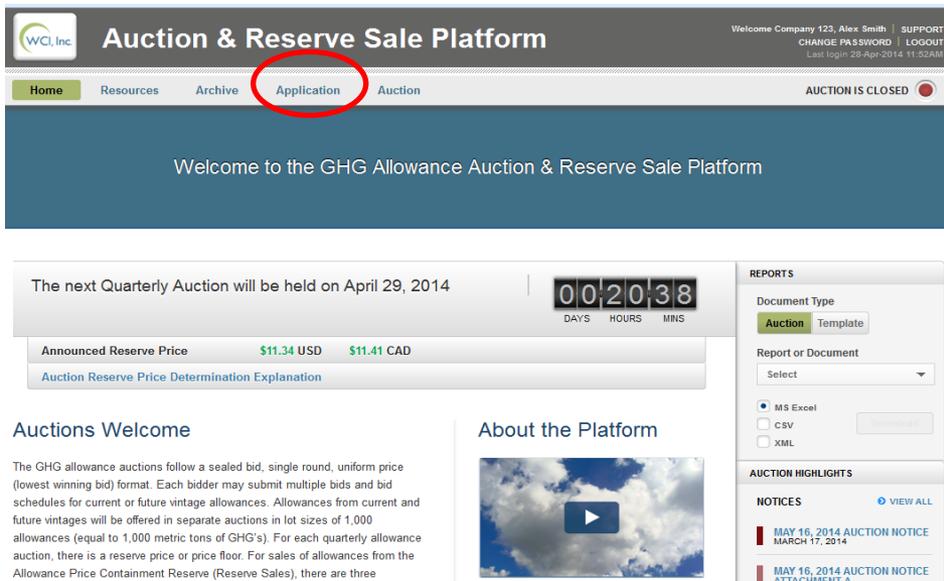
- To apply to participate in the auction or confirm an intent to bid, a PAR or AAR must complete the following steps in the Auction Platform:
 - **Step 1a:** Confirm intent to bid in the auction
 - **Step 1b:** Verify entity and account representative information
 - **Step 1c:** Submit bid guarantee form, currency, and return instructions
 - **Step 1d:** Complete attestation and submit auction application
- An application must be submitted or intent to bid confirmed in the Auction Platform by a PAR/AAR by no later than the date and time provided in the Auction Notice.

Auction Participation Process

Step 1: Auction Application

Auction Platform Example: Application Tab

- To access the Auction Application Pages, the PAR or an AAR will need to log in to the Auction Platform, and proceed to the Application Tab on the top banner.



Auction & Reserve Sale Platform

Welcome Company 123, Alex Smith | SUPPORT
CHANGE PASSWORD | LOGOUT
Last login 28-Apr-2014 11:52AM

Home Resources Archive **Application** Auction AUCTION IS CLOSED

Welcome to the GHG Allowance Auction & Reserve Sale Platform

The next Quarterly Auction will be held on April 29, 2014

00:20:38
DAYS HOURS MINS

Announced Reserve Price	\$11.34 USD	\$11.41 CAD
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[Auction Reserve Price Determination Explanation](#)

Auctions Welcome

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

About the Platform

REPORTS

Document Type
Auction Template

Report or Document
Select

MS Excel
 CSV
 XML

AUCTION HIGHLIGHTS

NOTICES [VIEW ALL](#)

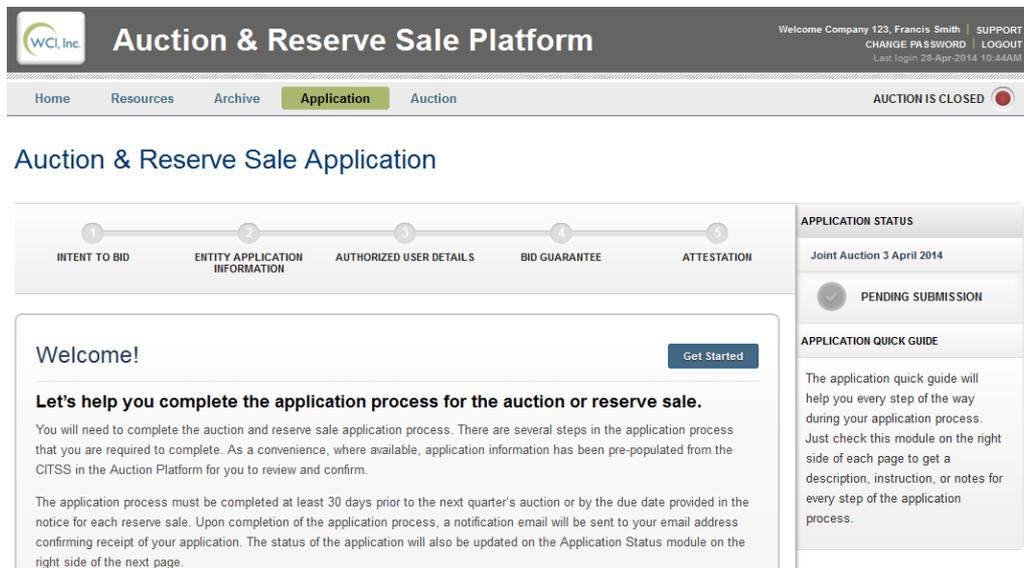
- MAY 16, 2014 AUCTION NOTICE MARCH 17, 2014
- MAY 16, 2014 AUCTION NOTICE ATTACHMENT A

Auction Participation Process

Step 1: Auction Application

Auction Platform Example: Application Pages

- A PAR or AAR from an entity will need to access the Auction Platform to complete the entity application or intent to bid confirmation process.



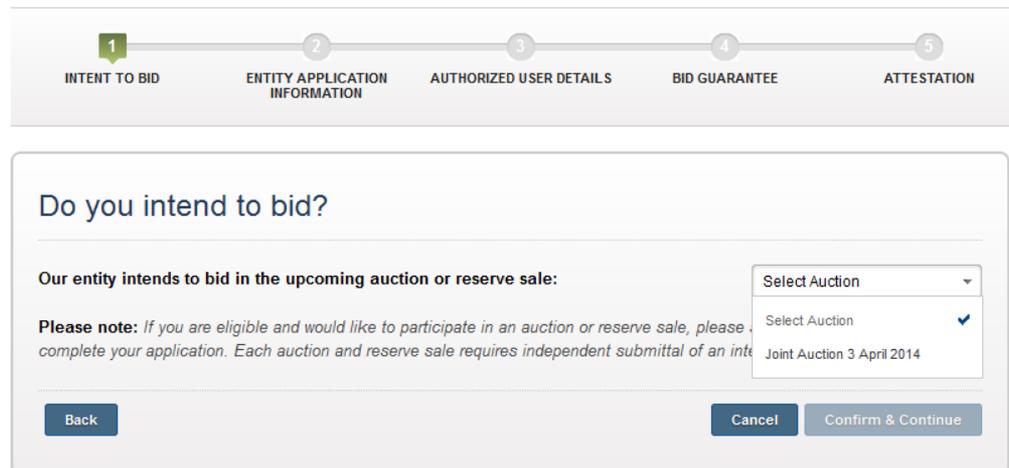
The screenshot shows the 'Auction & Reserve Sale Platform' interface. At the top, there is a navigation bar with 'Home', 'Resources', 'Archive', 'Application' (highlighted), and 'Auction'. A status indicator on the right says 'AUCTION IS CLOSED'. Below the navigation bar, the page title is 'Auction & Reserve Sale Application'. A progress bar shows five steps: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. The main content area features a 'Welcome!' message with a 'Get Started' button. Below the welcome message, there is a section titled 'Let's help you complete the application process for the auction or reserve sale.' which provides instructions on how to complete the application process, including a note that the process must be completed at least 30 days prior to the next quarter's auction. On the right side, there is a sidebar with 'APPLICATION STATUS' showing 'Joint Auction 3 April 2014' and 'PENDING SUBMISSION' (indicated by a checkmark icon), and an 'APPLICATION QUICK GUIDE' section that explains the purpose of the quick guide.

Auction Participation Process

Step 1: Auction Application

Step 1a: Apply or Confirm Intent to Bid

- To confirm an entity's intent to bid, the representative will need to select the appropriate auction event from the drop down menu and select the "Confirm & Continue" button.



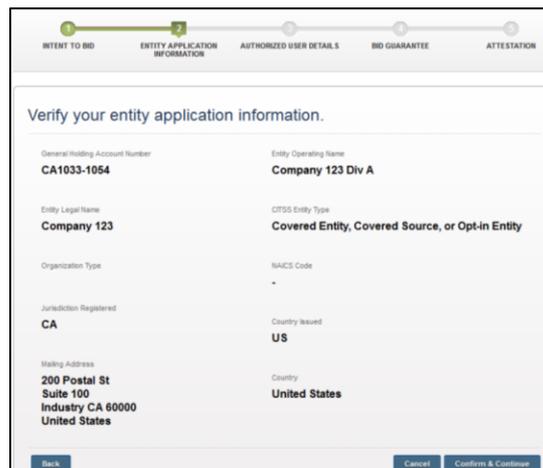
The screenshot displays a five-step progress bar at the top: 1. INTENT TO BID (highlighted with a green square), 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. Below the progress bar is a form titled "Do you intend to bid?". The form contains the text "Our entity intends to bid in the upcoming auction or reserve sale:" followed by a dropdown menu labeled "Select Auction". The dropdown menu is open, showing "Select Auction" with a checkmark and "Joint Auction 3 April 2014". Below the dropdown is a "Please note:" section with text: "Please note: If you are eligible and would like to participate in an auction or reserve sale, please complete your application. Each auction and reserve sale requires independent submittal of an intent to bid." At the bottom of the form are three buttons: "Back", "Cancel", and "Confirm & Continue".

Auction Participation Process

Step 1: Auction Application

Step 1b: Verify entity and account representative information

- Entity and individual application details will be pre-populated from CITSS account information. Confirm the accuracy of the data.
- Auction Platform Example:



The screenshot shows a web interface for verifying entity application information. At the top, a progress bar indicates five steps: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION (current step), 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. Below the progress bar, the heading reads "Verify your entity application information." The form contains the following pre-populated data:

General/Holding Account Number CA1033-1054	Entity Operating Name Company 123 Div A
Entity Legal Name Company 123	CITSS Entity Type Covered Entity, Covered Source, or Opt-in Entity
Organization Type	NAICS Code -
Jurisdiction Registered CA	Country Issued US
Mailing Address 200 Postal St Suite 100 Industry CA 60000 United States	Country United States

At the bottom of the form, there are three buttons: "Back", "Cancel", and "Confirm & Continue".

Auction Participation Process

Step 1: Auction Application

Step 1b: Verify entity and account representative information

- If changes to auction application information such as entity or account representative details are needed, changes must first be completed in CITSS.
- Material changes (e.g. entity's legal name) will require review and approval by the jurisdiction Registrar.
- To ensure information is accurately reflected in the Auction Platform, changes in CITSS must be approved prior to submission of the auction application.
 - All changes must be approved and the application submitted by no later than the date and time listed in the Auction Schedule.

Auction Participation Process

Step 1: Auction Application

Step 1c: Submit bid guarantee form, currency, and return instructions – CA Entities

For the CA-QC Practice Auction, no actual bid guarantee will be submitted. CA Entities must complete the information in the Auction Platform and select a form of bid guarantee.

- CA Entities must submit bid guarantees in USD in one or a combination of the following forms:
 - Cash in the form of wire transfer.
 - 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.
 - A Surety Bond issued by an institution named in the U.S. Treasury Department list of “Surety Companies Acceptable in Federal Bonds.”
- Bid guarantees must include proper identifying information and be sent to the Financial Services Administrator by the deadline listed in the Auction Notice.

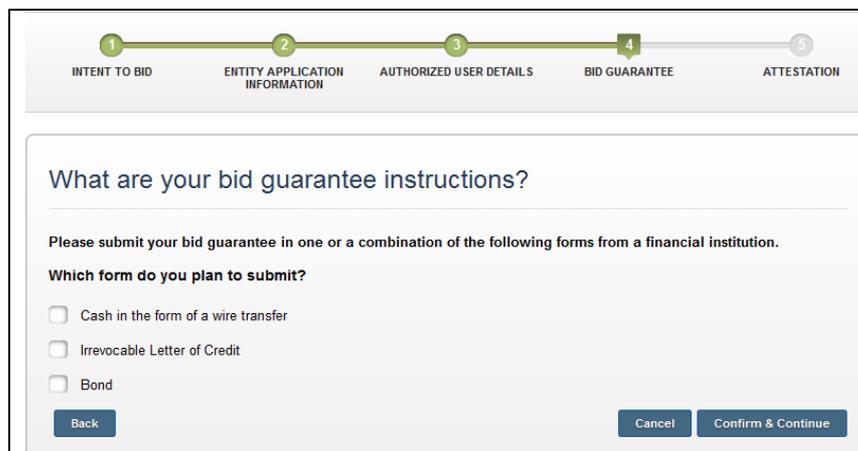
Auction Participation Process

Step 1: Auction Application

Step 1c: Submit bid guarantee form, currency, and return instructions

Any form(s) of bid guarantee may be selected in this process. No bid guarantee will be submitted to the Financial Services Administrator for the CA-QC Practice Auction.

- Auction Platform Example: Form of Bid Guarantee



The screenshot shows a multi-step process bar at the top with five steps: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE (highlighted), and 5. ATTESTATION. Below the bar, the form asks "What are your bid guarantee instructions?" and provides instructions: "Please submit your bid guarantee in one or a combination of the following forms from a financial institution." It then asks "Which form do you plan to submit?" with three radio button options: "Cash in the form of a wire transfer", "Irrevocable Letter of Credit", and "Bond". At the bottom, there are three buttons: "Back", "Cancel", and "Confirm & Continue".

Auction Participation Process

Step 1: Auction Application

Step 1c: Submit bid guarantee form, currency, and return instructions

For the CA-QC Practice Auction, bid guarantee return information should not represent actual entity banking information.

- Once the bid guarantee selection(s) is made, forms for return instructions will be automatically generated in the Auction Platform.

Return Instructions for Cash

Beneficiary Account Name	Beneficiary Account Number
<input type="text"/>	<input type="text"/>
Beneficiary Bank Name	Beneficiary Bank's Routing Number
<input type="text"/>	<input type="text"/>

Additional Details MAX 250 CHARACTERS

Explanation

Return Instructions for Bond or Irrevocable Letter of Credit

Same as mailing address

Entity Legal Name	Individual Name
<input type="text"/>	<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"/>	<input type="text"/>
Phone	
<input type="text"/>	

Auction Participation Process

Step 1: Auction Application

Step 1d: Complete attestation and submit auction application

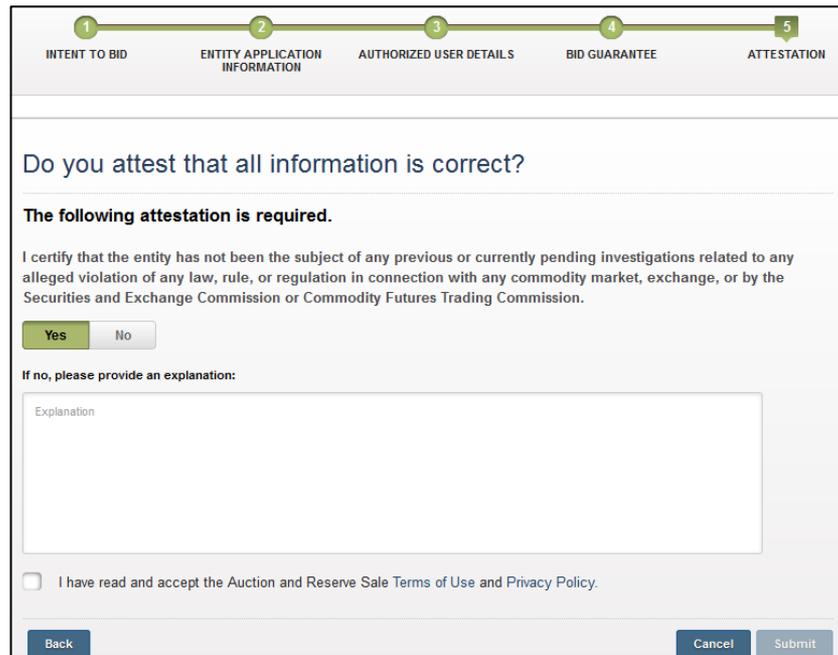
- The final step of the application or intent to bid confirmation process is to certify to the attestation. This step is required by all auction participants.
 - If a “No” selection response is made on the attestation form, a detailed explanation is required to be submitted with the application.
- Once Steps 1a - 1d have been completed, the application can then be submitted.

Auction Participation Process

Step 1: Auction Application

Step 1d: Complete attestation and submit auction application

- Auction Platform Example: Attestation & Submit Application



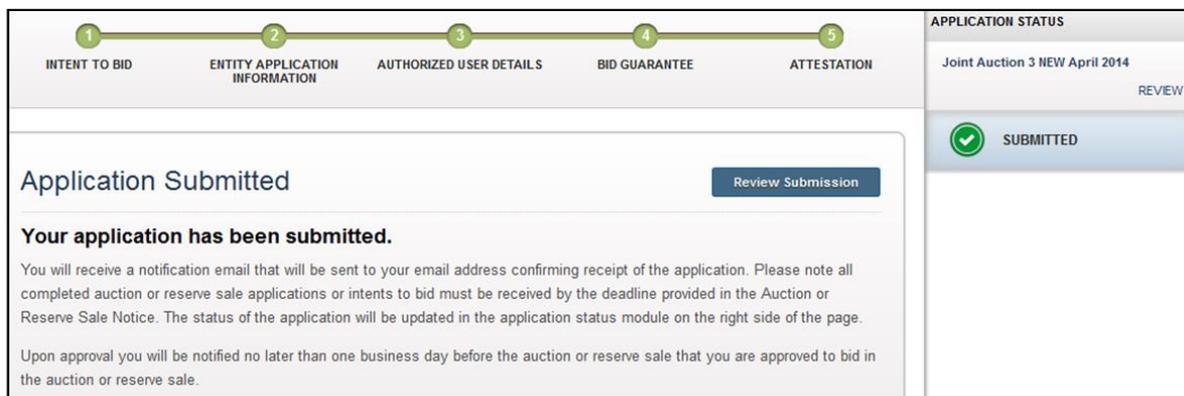
The screenshot shows a five-step process bar at the top: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. The current step is 5. The main content area asks, "Do you attest that all information is correct?" and states, "The following attestation is required." Below this, a certification statement reads: "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." There are "Yes" and "No" buttons. Under "If no, please provide an explanation:", there is a large text input field. At the bottom, there is a checkbox for "I have read and accept the Auction and Reserve Sale Terms of Use and Privacy Policy." and three buttons: "Back", "Cancel", and "Submit".

Auction Participation Process

Step 1: Auction Application

Step 1d: Complete attestation and submit auction application

- Once the PAR or AAR has submitted the application, the Application Status bar on the right hand side of the Auction Page will display as “Submitted” with a green checkbox.
- PAR and AARs will receive an email confirming submittal of the entity’s application.



The screenshot displays a progress bar at the top with five numbered steps: 1. INTENT TO BID, 2. ENTITY APPLICATION INFORMATION, 3. AUTHORIZED USER DETAILS, 4. BID GUARANTEE, and 5. ATTESTATION. The fifth step is highlighted, indicating completion. Below the progress bar, the main content area shows 'Application Submitted' with a 'Review Submission' button. A message states: 'Your application has been submitted. You will receive a notification email that will be sent to your email address confirming receipt of the application. Please note all completed auction or reserve sale applications or intents to bid must be received by the deadline provided in the Auction or Reserve Sale Notice. The status of the application will be updated in the application status module on the right side of the page. Upon approval you will be notified no later than one business day before the auction or reserve sale that you are approved to bid in the auction or reserve sale.'

On the right side, the 'APPLICATION STATUS' module shows 'Joint Auction 3 NEW April 2014' with a 'REVIEW' link. Below this, a green checkmark icon is next to the word 'SUBMITTED'.

Auction Participation Process

Step 2: Submit Bid Guarantee

No bid guarantee will be submitted for the CA-QC Practice Auction.

Bid Guarantees for the CA-QC Practice Auction will be automatically set as follows:

- \$50 million if USD
- \$55 million if CAD

- Entities submit a single bid guarantee that is first applied to the Current Auction. Any remaining bid guarantee is then applied to bids in the Advance Auction, if the entity submits bids for both auctions.
 - **Step 2a:** Receive notice that a financial services account has been established or verified
 - **Step 2b:** Download Financial Services Delivery Instructions
 - **Step 2c:** Submit bid guarantee to Financial Services Administrator
- The Financial Services Administrator will receive and maintain all bid guarantees submitted as financial security.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2a: Receive notice that a financial services account has been established or verified

- Once an auction application or confirmation of intent to bid has been submitted, the Financial Services Administrator will complete the process to establish (first time participant) or confirm (previous participant) the entity's financial services account.
 - A financial services account is established and maintained by the Financial Services Administrator for the purpose of facilitating the bid guarantee and financial settlement processes.
 - An email from the auctionsupport@markit.com will be sent to entity representatives when a financial services account has been established or verified, including directions to download the entity's Financial Services Delivery Instructions.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2b: Download Financial Services Delivery Instructions

An entity may download its Financial Services Delivery Instructions for the CA-QC Practice Auction. The Financial Services Account Number will not represent an actual account or be the same as that used in any other auction.

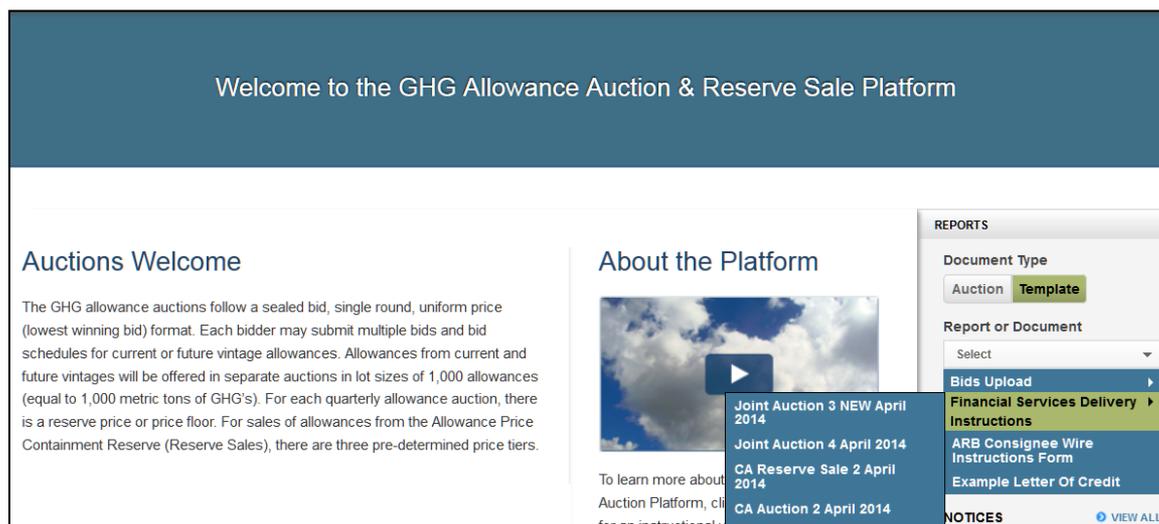
- The email received when a financial services account is established or verified will direct the account representatives to download the Financial Services Delivery Instructions from the Auction Platform.
- The Financial Services Delivery instructions will include all the information needed to submit the bid guarantee including the:
 - Financial Services Account Name;
 - Financial Services Account Number;
 - Wiring instructions for submitting cash by wire transfer; and
 - Mailing instructions for physical bid guarantee instruments.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2b: Download Financial Services Delivery Instructions

- To download an entity's Financial Services Delivery Instructions, a PAR or AAR must log in to the Auction Platform, access the Reports Module - Templates, and select the appropriate event.
- Auction Platform Example:



Welcome to the GHG Allowance Auction & Reserve Sale Platform

Auctions Welcome

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

About the Platform

Joint Auction 3 NEW April 2014
 Joint Auction 4 April 2014
 CA Reserve Sale 2 April 2014
 CA Auction 2 April 2014

REPORTS

Document Type
 Auction **Template**

Report or Document
 Select
 Bids Upload
Financial Services Delivery Instructions
 ARB Consignee Wire Instructions Form
 Example Letter Of Credit

NOTICES [VIEW ALL](#)

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

- Final bid guarantees must be received by the Financial Services Administrator in final form by the deadline date and time as listed in the Auction Notice.
 - An entity is responsible to ensure proper addressing of a physical bid guarantee and complete wiring instructions for a cash wire transfer.
 - Entities should confirm receipt of bid guarantees with the Financial Services Administrator.
 - Emailed, scanned, and PDF versions of a bid guarantee or a bid guarantee amendment will not be accepted.
 - If a bid guarantee is not submitted by the deadline, the auction application will be rejected.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

- To submit a bid guarantee, an amount must be determined.
 - The amount of the bid guarantee provided to the Financial Services Administrator will be used to set bidding limitations in the auction.
 - The amount of the bid guarantee must be greater than or equal to the maximum value of the bids to be submitted.
 - For QC entities that select CAD as their currency during the auction application or confirmation of intent to bid process, the value of the bid guarantee and the maximum value of bids submitted during the auction will be evaluated in the USD equivalent of the CAD value submitted based on the Auction Exchange Rate.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

- Example: Determine Bid Guarantee Amount
 - An example process to determine the bid guarantee amount is provided below and in Attachment B of the Auction Notice.
 - Example: The recommended bid guarantee for Entity A is at least \$6,739,600 USD.

Entity Name	Bid Price (USD)	Bid Lots	Number of Bid Allowances	Cumulative Allowances	Total Costs ¹
Entity A	21.26	130	130,000	130,000	2,763,800
Entity A	17.29	190	190,000	320,000	5,532,800
Entity A	14.46	135	135,000	455,000	6,579,300
Entity A	11.62	125	125,000	580,000	6,739,600

- If the bid guarantee is \$10,000,000 USD, the Current Auction settlement price is \$11.62, and all allowances are awarded, then the bid guarantee remaining that would be applied to the Advance Auction would be: \$3,260,400 .

¹For simplicity, all currency amounts in this presentation other than Bid Price are shown in whole dollars.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

Bid Guarantee Requirements: Submitting cash bid guarantee

- Cash wire transfers must be received by the deadline provided in the Auction Notice.
- Instructions on how to submit a cash bid guarantee through wire transfer will be provided in the entity's Financial Services Delivery Instructions.
 - The Financial Services Delivery Instructions are downloaded from the Auction Platform after the PAR and AARs have received email notification that a Financial Services Account has been established or verified.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

Bid Guarantee Review

- If submitting a physical bid guarantee instrument, entities are encouraged to submit a sample physical bid guarantee to the Financial Services Administrator for review.
- Entities that intend to submit a physical bid guarantee instrument are encouraged to remit it as soon as the PAR and AARs are notified that the entity's financial services account has been established or verified by the Financial Services Administrator.
- The Financial Services Administrator will review and communicate to the entity representatives any deficiencies with bid guarantees submitted.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

Bid Guarantee Revisions

- If a submitted bid guarantee needs to be revised:
 - The entity would be notified by the Financial Services Administrator.
 - The entity would contact their financial institution and request an amendment to their bid guarantee.
 - An amendment **MUST** be completed and received by the Financial Services Administrator in advance of the bid guarantee submittal deadline.
- If an entity finds they need to revise a submitted bid guarantee, they should contact the Financial Services Administrator.
- Emailed, scanned, and PDF versions of a bid guarantee or bid guarantee amendment will not be accepted as a bid guarantee.

Auction Participation Process

Step 2: Submit Bid Guarantee

Step 2c: Submit bid guarantee to Financial Services Administrator

Auction Platform Example: Example Letter of Credit

Welcome to the GHG Allowance Auction & Reserve Sale Platform

Auctions Welcome

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

About the Platform



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

REPORTS

Document Type

Report or Document
 Select ▾
 ▸
 ▸

NOTICES [VIEW ALL](#)

Auction Participation Process

Step 3: Receive Notice of Entity's Approval to Participate

- Once ARB and MDDELCC approve or reject an entity for auction participation, the PAR and all AARs for the entity will receive an email confirming approval or denial to participate in the auction.
- An email from auctionsupport@markit.com will be sent within two business days of the scheduled auction date as to whether an entity's auction participation has been approved or denied.

Auction Participation Process

Step 4: Participate in the Auction

- The bidding window can be accessed by clicking on the Auction Tab on the top banner of the Auction Platform.
- 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 signifies the auction bidding window is open.
 - A red light signifies that the auction bidding window is closed.



Auction Bidding

- For each bid the following must be entered:
 - Bid Price in whole cents
 - Number of Bid Lots (1 lot = 1,000 GHG allowances)
 - Instrument Vintage (e.g. Current or 2017)
 - Currency
 - **CA entities:** bids must be entered in USD.
 - **QC entities:** bids must be entered in the same currency as selected during the auction application process (USD or CAD).

Auction Bidding

Auction Platform Example: Manual Bid Entry

- To manually submit a single bid, select the “Add Bid” button.
- Submitted bids can be manually revised or withdrawn during the 3-hour bidding window. After the bidding window closes, no further changes to bids are permissible.

The screenshot shows a web interface for an auction. At the top, there are navigation tabs: Home, Resources, Archive, Application, and Auction (which is highlighted). A status indicator on the right says 'AUCTION IS OPEN' with a green dot. Below this is the title 'Joint Auction 3 NEW April 2014 Details'. The interface is split into two columns: 'Current' and 'Future - 2017'. Each column has a table with columns for Reserve Price, Total Allowance, Total Allowance Bid, and Total Bids. The 'Current' column shows a reserve price of USD \$11.34 and CAD \$12.15, and a total allowance of 4,356,388. The 'Future - 2017' column shows a reserve price of USD \$11.34 and CAD \$12.15, and a total allowance of 2,899,512. Below these tables is a 'Bidding Closes In' section with a progress bar and a timer showing 01:34:28. To the right of the timer are two time zones: PT (10:25:33) and ET (13:25:33). Underneath is a 'Submitted Bids' section with 'Add Bid' and 'Upload Bids' buttons. Below the buttons is a table with columns: Bid Number, User, Time, Client Bid ID, Transaction ID, Currency, Bid Price, Bid Lots, Vintage, Allowances, and Total. The first row shows a bid number of 1, user 10:25:31am, currency USD, and a total allowance of 0. There are 'Cancel' and 'Submit' buttons next to the bid. On the right side of the interface, there is a 'QUICK TIPS' section titled 'Adding Bids' with instructions on how to submit a bid.

Auction Bidding

Auction Platform Example: Bid Schedule Upload

- In addition to manual bid entry, multiple bids may also be submitted in a bid schedule upload process.
- A bid schedule is uploaded using a pre-formatted spreadsheet available in the Reports Module – Templates of the Auction Platform.
- For each auction, a unique pre-formatted spreadsheet is available for download from the Auction Platform upon the **opening** of the auction application period.

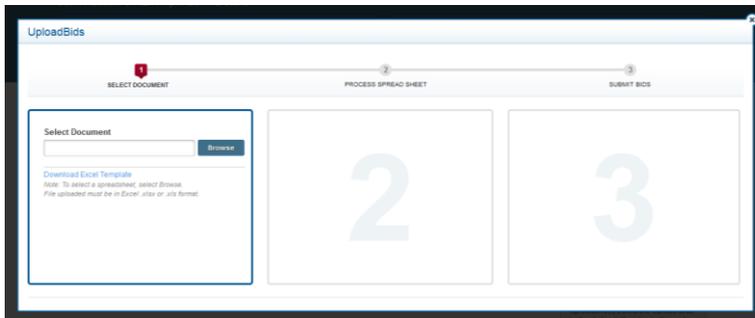
	A	B	C	D	E
1		Auction and Reserve Sale Platform			
2		Auction Bid Upload Template			
3					
4	Currency:	Select the currency in which you would like to bid from the drop down.			
5	Bid Price:	Enter the price in whole dollars and whole cents.			
6	Bid Lots:	Enter the number of lots. Each lot is 1,000 allowances.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

Auction Bidding

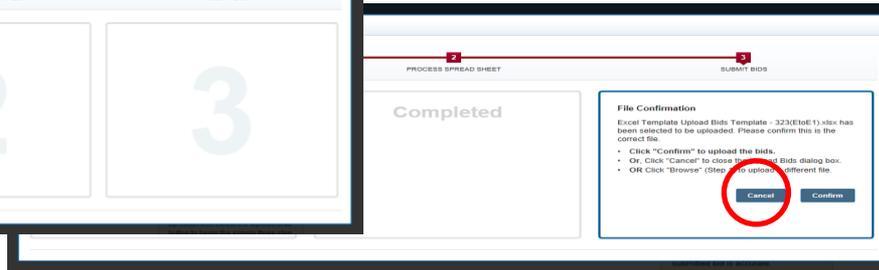
Auction Platform Example: Bid Schedule Upload Process

- The Upload Bids function is completed in 3 easy steps:
 - **Step 1:** Select Document – Browse and Select Excel spreadsheet with bids
 - **Step 2:** Process Spreadsheet – Upload Bids from the spreadsheet for submittal
 Note: This step is automatically completed by the Auction Platform.
 - **Step 3:** Submit Bids – Confirm the spreadsheet and Submit the bids uploaded from the selected spreadsheet

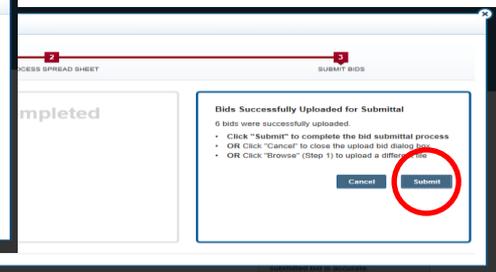
Step 1: Browse & Select (Step 2 completes automatically)



Step 3a: Confirm



Step 3b: Submit



Auction Bidding

Auction Platform Example: “Bid Schedule Upload Confirmed”

- The Auction Platform will confirm a successful or failed bid schedule upload.
- Multiple Bid Upload Templates will be accepted by the Auction Platform, but each schedule must be uploaded one at a time.

The screenshot displays the 'UploadBids' interface with a progress bar at the top indicating three steps: 1. SELECT DOCUMENT, 2. PROCESS SPREADSHEET, and 3. SUBMIT BIDS. The first two steps are marked as 'Completed'. The 'Submit Bids' step shows a success message: '25 bids were uploaded successfully.' Below this, there are 'Cancel' and 'Submit Bids' buttons. A separate dialog box titled 'Bid Upload Failed' is shown, listing several error rules:

- File uploaded must be in correct file format (.xls or .xlsx). Please download the latest bid upload template by clicking on Download Excel Template in step 1.
- Currency must be in USD (uppercase).
- The bid currency does not match the Bid Guarantee currency.
- Bid Price must be a number greater than zero with no more than two decimal points.
- Bid Lot must be a whole number greater than zero.
- Instrument Vintage must match allowances offered for sale at auction.
- The Bid Price must be equal to or greater than the Auction Reserve Price.

 The dialog box also provides instructions: 'Please take one of the following actions: Click "Cancel" to close the Upload Bids dialog box. OR re-upload a different file by clicking on "Browse" (step 1).' Buttons for 'Cancel' and 'Confirm' are at the bottom of the dialog.

Auction Bidding

Auction Platform Example: Editing or Deleting Bids

- During the bidding window a bid may be deleted or edited.
 - To delete, click the  and then 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.

Submitted Bids

Add Bid
Upload Bids

Bid Number	User	Time	Client Bid ID	Transaction ID	Currency	Bid Price	Bid Lots	Vintage	Allowances	Total	
6	Test_Primary	1:41:37pm	B64A4	92267	USD	\$12.56	72	Current	72,000		Edit 
5	Test_Primary	1:41:18pm	A64A4	92349	USD	\$11.34	99	Current	99,000		Edit 
4	Test_Primary	1:40:58pm	964A4	92348	USD	\$33.19	6	Current	6,000		Edit 
3	Test_Primary	1:40:39pm	864A4	92266	USD	\$14.99	15	Current	15,000		Edit 
2	Test_Primary	1:40:06pm	764A4	92347	USD	\$17.00	6	Current	6,000		Edit 
1	Test_Primary	1:39:41pm	664A4	92265	USD	\$12.54	12	Current	12,000		Edit 

QUICK TIPS

Adding Bids

To add a single bid, select the Add Bid button in the Bid Removal dialog box, then click the Add Bid button in the Bid Removal dialog box, then click the Add Bid button in the Bid Removal dialog box.

Bid Removal

Are you sure you want to remove this bid?

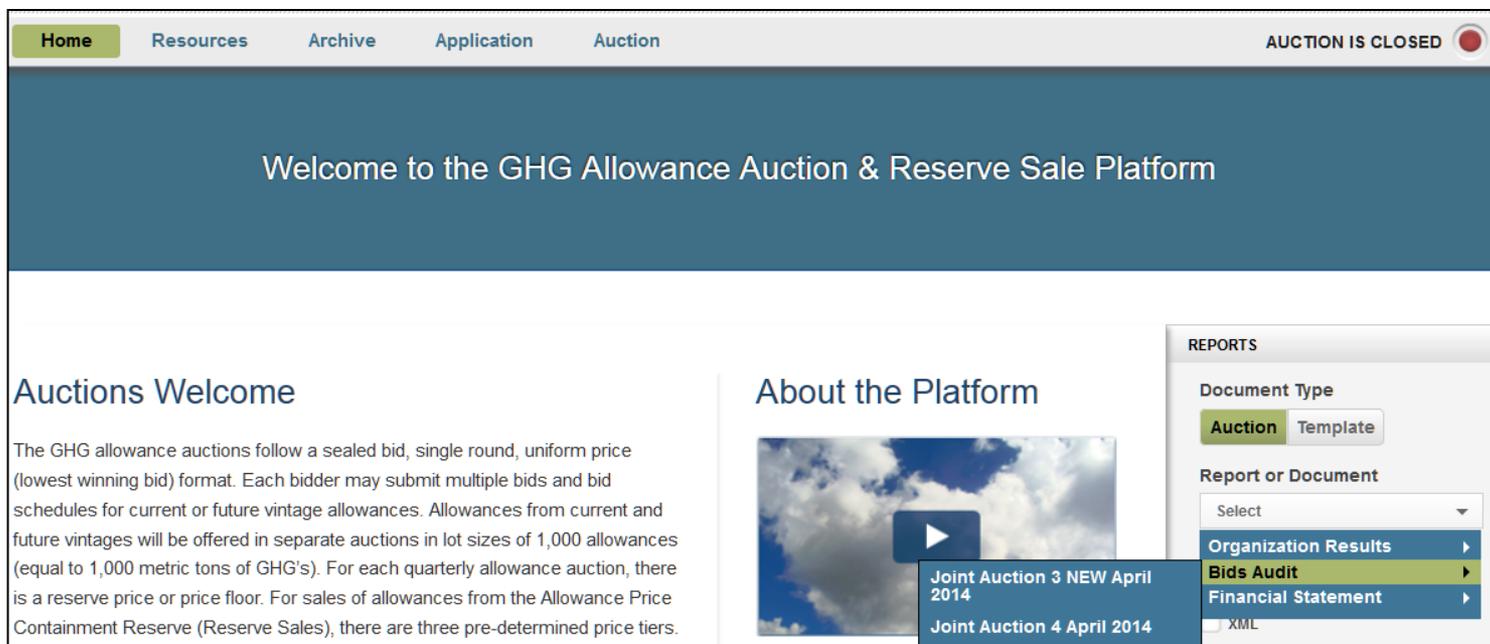
process of selecting the Excel file to upload, processing the spreadsheet, and submitting your bids.

[Download Excel Template](#)

Auction Bidding

Confirmation of Bid Submission

- Bidders can access a Bids Audit Report from the Auction Platform's Reports module to confirm bids submitted and edited.



Home Resources Archive Application Auction AUCTION IS CLOSED

Welcome to the GHG Allowance Auction & Reserve Sale Platform

Auctions Welcome

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

About the Platform

Joint Auction 3 NEW April 2014
Joint Auction 4 April 2014

REPORTS

Document Type
Auction Template

Report or Document
Select
Organization Results
Bids Audit
Financial Statement
XML

Auction Bidding

Example Bids Audit Report

- The example Bids Audit Report on this slide is based on the manual entry of three auction bids by an entity's representatives and one bid edit.

	A	B	C	D	E	F	G	H	I	J	K	L
1	Date	1/7/2014										
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 Allowances
5	Created	13:14:21 PT	john@test@company.com	CXXXX-XXXX	90A3	5118	13:14:21 PT	USD	11.34	150	2014	150,000
6	Created	15:14:33 PT	sally@test@company.com	CXXXX-XXXX	70B2	5377	15:14:33 PT	USD	12.44	100	2014	100,000
7	Updated	15:18:44 PT	sally@test@company.com	CXXXX-XXXX	70B2	5899	15:18:44 PT	USD	12.44	200	2017	200,000
8	Created	16:44:13 PT	fred@test@company.com	CXXXX-XXXX	D132	5877	16:44:13 PT	USD	13.01	350	2017	350,000
9												

Bidding Limitations

- The Auction Reserve Price effective during the joint auction is determined the business day prior to the auction.
 - Bids submitted with a bid price below the Auction Reserve Price will not be accepted.
- Auction bids are rejected in lots of 1,000 allowances, if bids:
 - Exceed the purchase limit;
 - Exceed the holding limit; or
 - Exceed the bid guarantee.
 - Bid guarantee limitation is assessed at all potential settlement prices.
- Rejected bid quantities are not considered in determining the settlement price for an auction.

Bidding Limitations: Purchase Limits

Example Purchase Limit: CA Entities

- To determine an entity’s specific purchase limit for a Current Auction, multiply the entity category’s purchase limit by the total amount of allowances available for sale at auction.

- Example Purchase Limit (Current Auction)**

- If the Total Number of Allowances for Sale = 3,900,000 allowances

CA Entity Category		Purchase Limit
Electrical Distribution Utility	40%	1,560,000
Covered Entity or Opt-In Covered Entity	20%	780,000
Voluntarily Associated Entity	4%	156,000

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

- Example Purchase Limit (Advance Auction)**

- If the Total Number of Allowances for Sale = 3,900,000 allowances, then the purchase limit for all entities = $3,900,000 * 0.25 = 975,000$ allowances.

Bidding Limitations: Holding Limits

Holding limits for the CA-QC Practice Auction will be based on the following criteria:

Current Auction: 5,000,000 allowances

Advance Auction: 5,000,000 allowances

- The holding limit is the maximum number of GHG allowances that may be held by an entity or jointly held by a group of entities with a direct corporate association.
- The holding limit does not apply to allowances held in the Limited Use Holding Account.
- There are separate holding limits applied to the Current and Advance Auctions.

Bidding Limitations: Holding Limits

Example Holding Limit

- To calculate an entity's holding limit, determine the following:

Holding Limit = 0.1 * Base + 0.025 * (Annual Allowance Budget – Base)

- “Base” equals 25 million metric tons of carbon dioxide equivalent (CO₂e)
- “Annual Allowance Budget” is the number of allowances issued for the current budget year
- For 2014, the annual allowance budget for California and Québec is 182,900,000 allowances
- Example Holding Limit
 - $0.1 * 25,000,000 + 0.025 * (182,900,000 - 25,000,000)$
 - 2014 Holding Limit = 6,447,500 allowances

Bidding Limitations: Holding Limits with Limited Exemption

- Covered entities may exclude a limited number of allowances from the holding limit calculation by placing them in their Compliance Account.
- The limited exemption is increased each year by the amount of emissions contained in 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 surrender obligation for the compliance period.
- Entities can hold more allowances in their compliance account than allowed under the limited exemption, but any allowances in excess of the limited exemption will count towards the entity's holding limit.

Bidding Limitations: Holding Limit Determination

Holding Limit Determination with Limited Exemption

- Holding Limit Determination =
6,447,500 + [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 = $6,447,500 + [4,000,000 - 1,000,000] = 9,447,500$ allowances.
- If an entity's Compliance Account balance is 4,500,000 allowances:
 - Holding Limit = $6,447,500 + [4,000,000 - 4,500,000] = 5,947,500$.

Bidding Limitations: Management of Purchase Limits and Holding Limits

- ARB and MDDELCC provide the Auction Administrator the total number of allowances that may be successfully bid without exceeding the purchase limit and holding limit for the Current Auction and Advance Auction for each auction participant.
 - Data is transferred to the Auction Administrator the day prior to an auction based on balances in CITSS accounts at approximately 12:00 PM PT / 3:00 PM ET the day prior to the auction.
 - The holding limit data transmitted to the Auction Administrator is used solely for the purpose of administration of the holding limit bid limitation in the auction and will only reflect the account balances in CITSS the day before the auction.
 - CITSS account holders are responsible to ensure that there will be no holding limit violation once allowances are transferred into CITSS accounts after financial settlement is complete.

Bidding Limitations

- In the following example, Entity D submitted two bids as provided below with a maximum value of \$28,963,200 USD.
 - Entity D submitted a bid guarantee of \$28,427,200 (USD).
 - Entity D has a purchase limit of 1,608,000 allowances
 - Entity D has a holding limit of 6,447,000 allowances

Entity D	Bid Price	Bid Lots	Bid Number of Allowances	Cumulative Allowances	Bid Value at Bid Price
Bid 1	\$20.19	900	900,000	900,000	\$18,171,000
Bid 2	\$17.24	780	780,000	1,680,000	\$28,963,200

- Entity D's second bid exceeds the bid guarantee limitation and the purchase limit limitation.
- Entity's D's second bid is rejected in lots of 1,000 allowances to 708 lots to meet both the bid guarantee and purchase limit bidding limitations.

Auction Conduct

- Pursuant to Section 95914(c) of the California Regulation and in Article 51 of Québec's Regulation, an entity shall not release any confidential information related to its auction participation, including:
 - Intent to participate, or not participate, at auction, auction approval status, maintenance of continued auction approval;
 - Bidding strategy;
 - Bid price or bid quantity information;
 - Information on the bid guarantee provided to the Financial Services Administrator.
- All auction applicants are required to inform their respective jurisdictions of the retention of an auction advisor or consultant, as specified in Attachment A of the Auction Notice.

Market Monitoring

- ARB staff, MDDELCC staff, and the Market Monitor are actively monitoring the GHG allowance auctions, and provide ongoing monitoring of GHG allowance holdings and market activity.
- The Market Monitor reviews bidding activity and works with ARB and MDDELCC to identify any bidding or trends of concern that may indicate manipulative or anti-competitive bidding behavior.
- Any fraudulent, manipulative, collusive, or noncompetitive behavior may be investigated and prosecuted in accordance with all applicable laws and regulations
- ARB and MDDELCC staff provide final auction monitoring results to the Executive Officer and the Environment Minister.

Auction Participant Training Agenda

❖ Section III: Auction Results & Financial Settlement

- Settlement Price & Bid Fulfillment Determination
- Auction Results
- Financial Settlement
- Question & Answer Session
- Contact Information

Settlement Price & Bid Fulfillment Determination

Results of Settlement Price and Bid Fulfillment for the CA-QC Practice Auction will not be announced as it may influence or mistakenly be understood to represent real market conditions.

- The settlement price determination process requires that the Auction Administrator:
 - Rank qualified bids from all bidders from the highest qualified bid price to the lowest qualified bid price using the USD value of the bids.
 - Allowances will be awarded to bidders, beginning with the highest qualified bid price and moving to successively lower qualified bid prices, until the entire supply of allowances is exhausted or all qualified bids have been filled.
 - Bid evaluation and settlement price determination for the Current Auction and Advance Auction are conducted separately, in consecutive order.
 - If total qualified allowances bid exceeds total allowances offered at the settlement price, a tiebreaker process is used when necessary.

Settlement Price & Bid Fulfillment Determination

Tiebreaker Process

- The tiebreaker process is used during the settlement price determination if the quantity of allowances bid for at a specific price exceeds the remaining allowances available for sale.
 - Each entity's share is determined based on the share of total allowances that can be awarded to an entity at the settlement price.
 - Number of allowances awarded is determined as share multiplied by allowances remaining available to be sold (rounded down to nearest whole allowance).
 - If there are allowances remaining as a result of rounding down, those allowances are awarded to entities by assigning a random number and distributing from the lowest to highest number.
 - Further descriptions of the tiebreaker process are provided in Attachment B of the Auction Notice.

Auction Results

- The Summary Results Report for an auction will be posted on the ARB and MDDELCC websites.
 - The date the posting is anticipated is in the Auction Notice.
 - The posting is anticipated to occur at 12:00 (Noon) PT.
 - In the event of a delay, a message will be posted on the websites providing the new time for the release of the auction results.
- The Summary Results Report provides general results and statistics of the auction.
- The Summary Results Report will be available in English and French.

Auction Results: Auction Results Report

Results of Settlement Price and Bid Fulfillment for the CA-QC Practice Auction will not be announced as it may influence or mistakenly be understood to represent real market conditions.

- Auction results will include the following:
 - 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)
 - Auction Settlement Price
 - Auction Reserve Price
 - Herfindahl-Hirschman Index (HHI)
 - Bid Price Summary Statistics

Auction Results: Notification of Entity Results

The CA-QC Practice Auction will not be certified as bids will not result in purchase of allowances. As the CA-QC Practice Auction will not be certified, entity results will not be available in the Auction Platform.

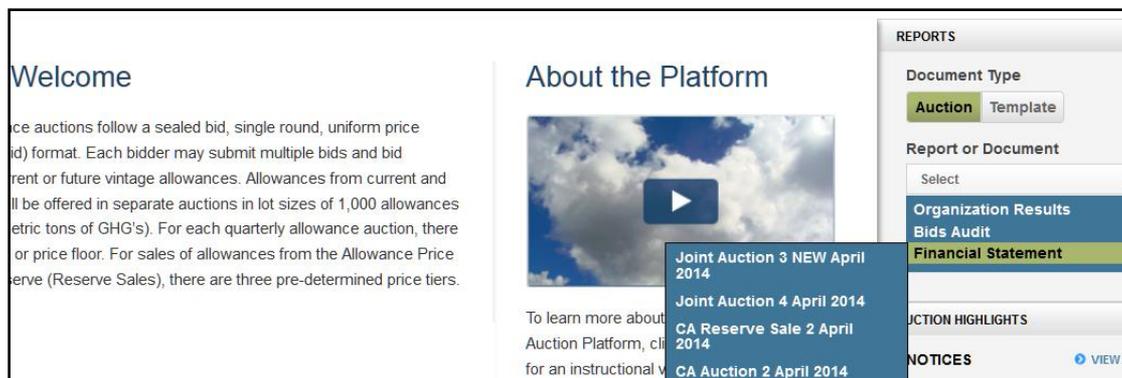
- Auction participants will receive an email from auctionsupport@markit.com to notify them that results are available for the auction.
- The results email will include notification to download the entity's Organization Results Report from the Auction Platform.
 - Additionally, a Financial Statement is available for download in the Auction Platform which is the entity's financial settlement invoice.
- Receipt of the email informing the entity of the availability of the Organization Results Report constitutes delivery of the financial settlement invoice.

Financial Settlement

As the CA-QC Practice Auction will not be certified, the Organization Results Report and Financial Statement will not be available from the Auction Platform. These reports will be available for download for entities to preview the format of reports. However, the reports will not be populated with data from the CA-QC Practice Auction.

Auction Platform Example: Organization Results Report & Financial Statement

- Successful bidders download their Organization Results Report and Financial Statement from the Auction Platform’s Reports module.



Financial Settlement: Organization Results Report

The financial settlement invoice for an auction includes:

- 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

There will be no financial settlement conducted for the CA-QC Practice Auction.

- Successful bidders must download their Financial Statement.
- For those entities that submitted cash bid guarantees, the Financial Services Administrator will use the cash submitted to settle for any amounts owed.
- Successful bidders that submitted a physical bid guarantee must submit cash as financial settlement for the amount owed no later than 7 days after certification of an auction.
- 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 down physical bid guarantees to cover any amounts due but not received by the deadline provided in the Auction Notice.

Financial Settlement: Bid Guarantee Return

- All bid guarantees for unsuccessful auction applicants or bidders, regardless of type, will be returned approximately 3 business days after the auction is certified.
- For successful bidders, any unused cash bid guarantee will be returned no later than 12 business days after an auction is certified.
- For successful bidders, any physical bid guarantee instrument will be returned after payment for the amount owed is received by the Financial Services Administrator, expected to be no later than 12 business days after an auction is certified.

Question & Answer Session



Questions?

We will respond to any questions you may have at this time. Please submit your questions in writing using the webinar software.

Contact Information: Auction and Financial Administration Services

- **Auction Administrator:** Markit North America, Inc.
 - Email support: auctionsupport@markit.com
 - Call from 8 AM to 6 PM PT (877) 762-7548
- **Financial Services Administrator:** Deutsche Bank National Trust Company
 - Email support: db.wcisupport@db.com
 - Call from 8 AM to 5 PM ET (212) 250-6645

Contact Information

- **CITSS Registration and Account:**
 - Please contact CITSS Help Desk:
 - Email: help@wci-citss.org
 - Call toll-free: 1-866-682-7561
- **CA and QC Cap-and-Trade Programs:**
 - **California** registered entities:
 - Please contact the Air Resources Board at: (916) 322-7072
 - <http://www.arb.ca.gov/auction>
 - **Québec** registered entities:
 - Please contact the MDDELCC at 1-800-561-1616 option 5
 - <http://www.mddelcc.gouv.qc.ca/changements/carbone/documentation-en.htm>