

Washington GHG Auction Participant Training

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WCI, Inc.
Western Climate Initiative, Inc.

DEPARTMENT OF ECOLOGY
State of Washington

Auction Participant Training Agenda

- Overview
- Auction Application Process
- Auction Participation & Bidding
- Auction Results & Financial Statement
- Contact Info



Auction Participant Training Agenda

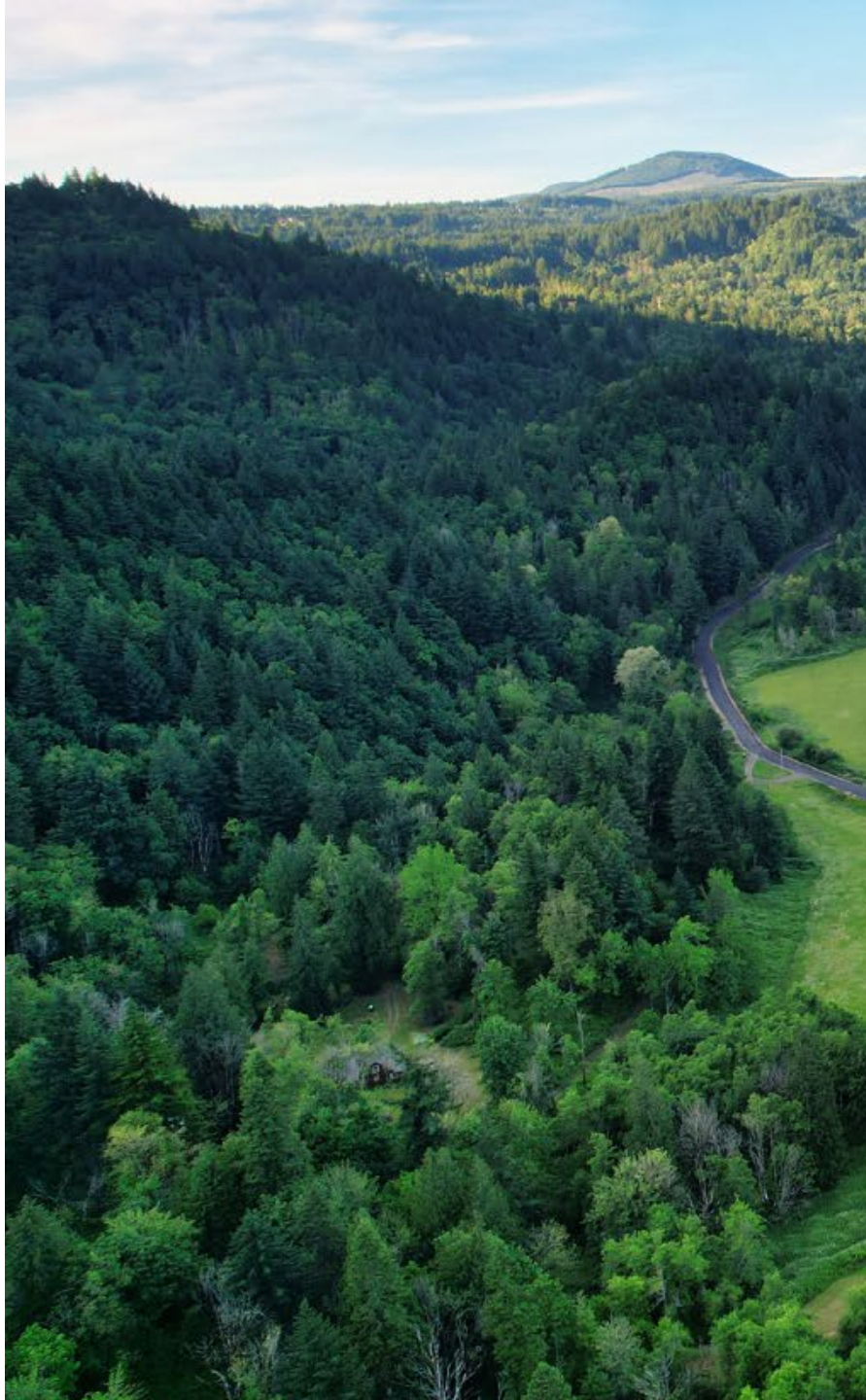
Section 1: Overview

- Introduction
- General Auction Schedule
  - Auction Notice
  - Auction Eligibility
- Auction Administration
  - Allowances offered for sale
  - Auction Floor Price Determination
  - Auction Floor Price Example
  - (CITSS) Compliance Instrument Tracking System Service
  - Access to Auction Platform

Introduction

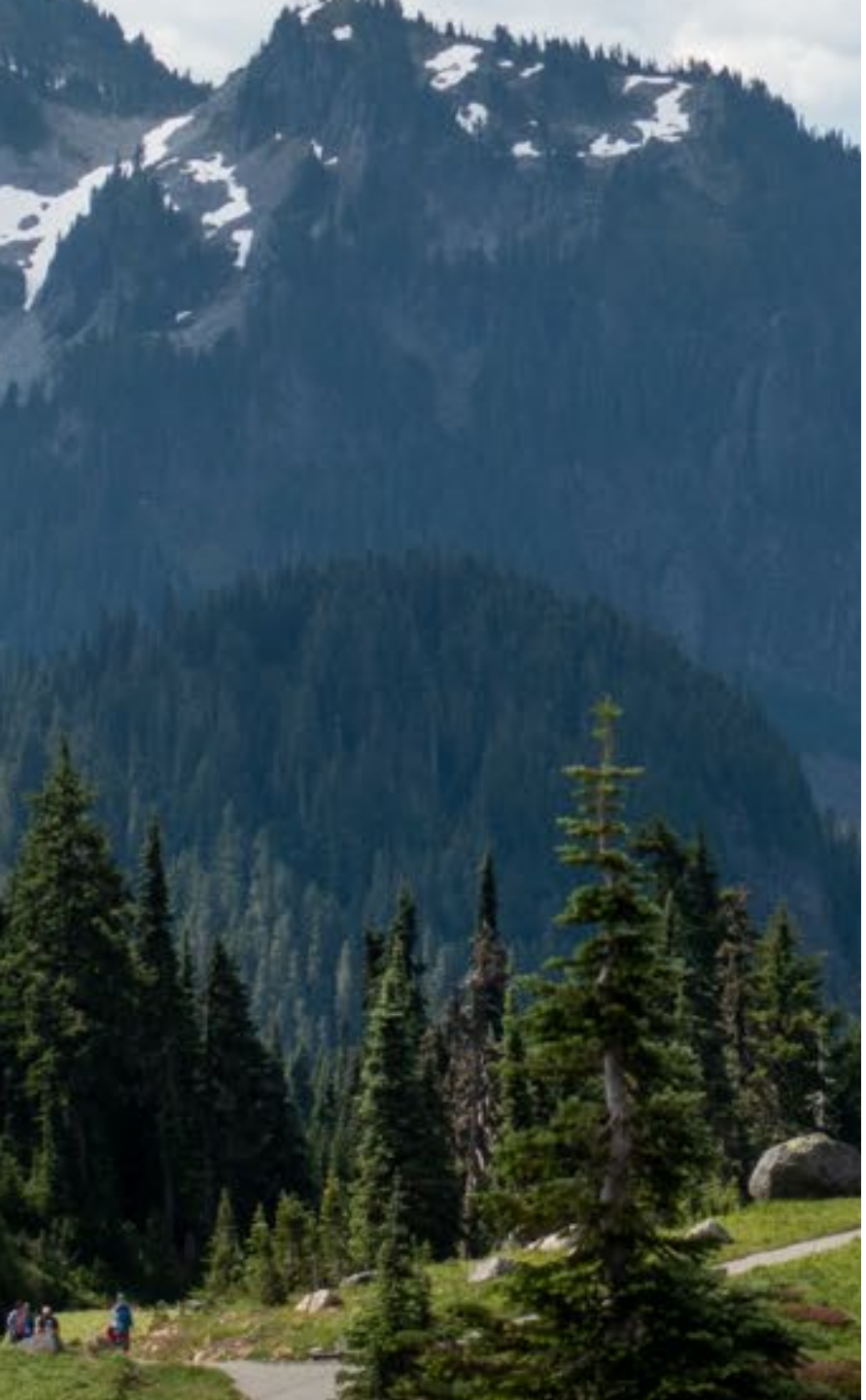
- The Washington Cap-and-Invest program and quarterly auctions are the avenue through which businesses obtain allowances equal to their covered greenhouse gas emissions

- WCI, Inc. Auction Platform
  - Referred to as the “Auction Platform”
  - Access the Auction Platform at www.wci-auction.org/



Auction Notice

- Auction Notices are posted to the jurisdiction webpages 60 days prior to each auction.
  - Auction Notices provide information about auction eligibility, auction format, and the quantity of GHG allowances to be auctioned.
- Two supporting documents are posted to the jurisdiction webpages annually.
  - Detailed Auction Requirements and Instructions
  - Auction Examples



Auction Eligibility

- Washington entities with approved Compliance Instrument Tracking System Service (CITSS) accounts are eligible to participate in auctions.
- Washington entities (WA entities)
  - Refers to all entities registered under the Washington Cap-and-Invest Program: Covered entities, opt-in covered entities, and general market participants.

Auction Administration

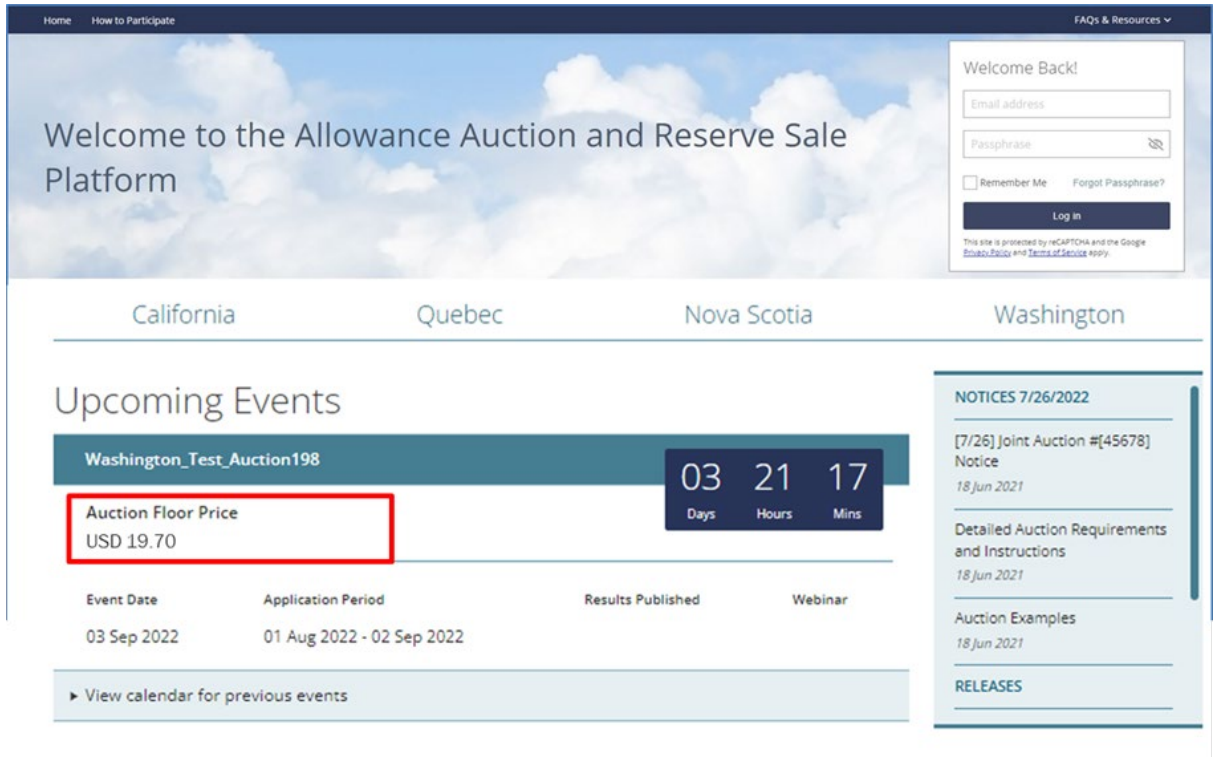
Allowances Offered for Sale

- Allowances offered for sale in an auction are issued under the Washington Cap-and-Invest Program.
- The allowances offered in the Current Auction may include multiple allowance types and allowance of vintages equal and prior to the current year.
- Allowances offered in the Advance Auction will be of a vintage year three years subsequent to the current calendar year (e.g., 2023 and 2026, 2024 and 2027 etc.). WAC 173-446-365

Auction Administration

Auction Floor Price Determination

- The Auction Floor Price is the minimum price at which allowances offered in the Current Auction and Advance Auction will be sold (WAC 173-46-335).
- Bids submitted with a bid price below the Auction Floor Price will not be accepted.



Auction Administration

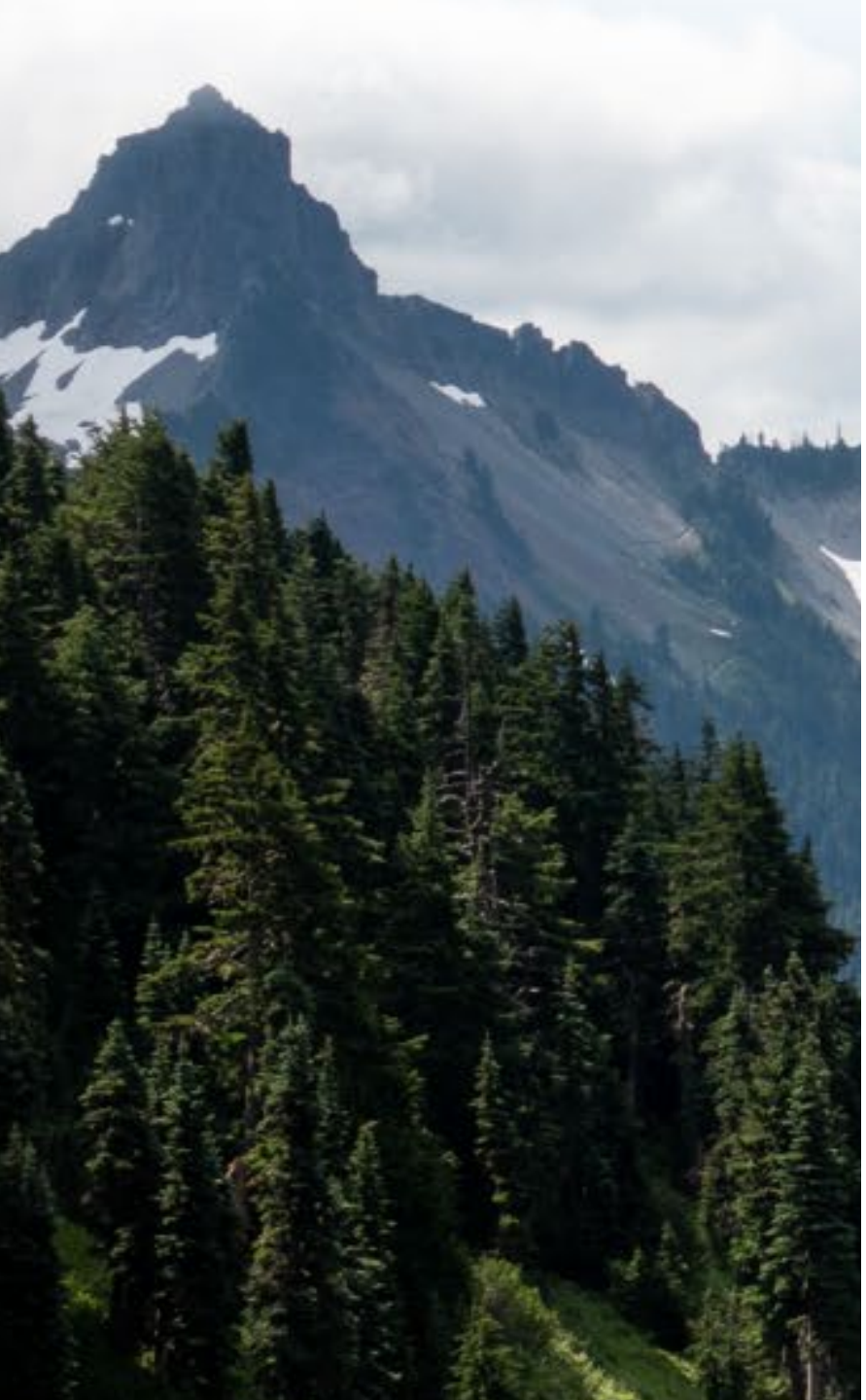
- Submit an auction application,
- Edit or cancel an auction application,
- Download Financial Services Delivery instructions.

Auction Administration

Access to the Auction Platform

An entity's account representative in CITSS must have an active Auction Platform account before participating in an auction.

- Access to the Auction Platform is not required to submit an auction application.
- Access to the Auction Platform is discussed further later in this presentation.



Auction Participant Training Agenda

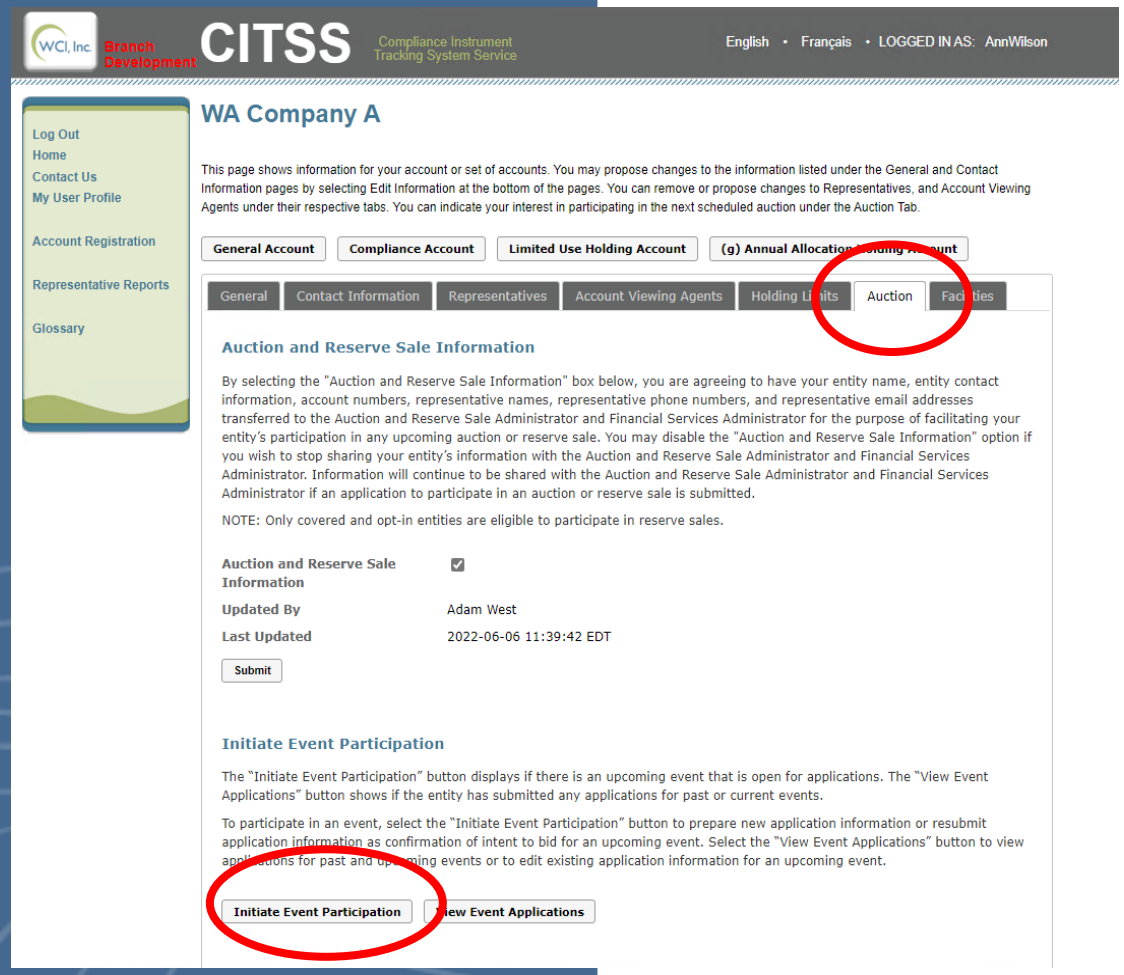
Section 2: Auction Application Process

- Overview
  - Step 1: Submit an Auction Application
  - Step 2: Submit a Bid Guarantee
  - Step 3: Receive Notice of Approval to Participate in the Auction

Auction Application Process

- One CITSS entity account representative (the PAR or an AAR) must complete the entity's auction application in CITSS to bid in the auction in the Auction Platform.
- Entity information for an approved auction application is maintained in CITSS to allow submittal of an auction application for future events.

Auction Application Process



Step 1: Complete and Submit an Auction Application

Select the “Initiate Event Participation” button on the entity’s Auction tab in CITSS to start the auction application process.

Auction Application Process

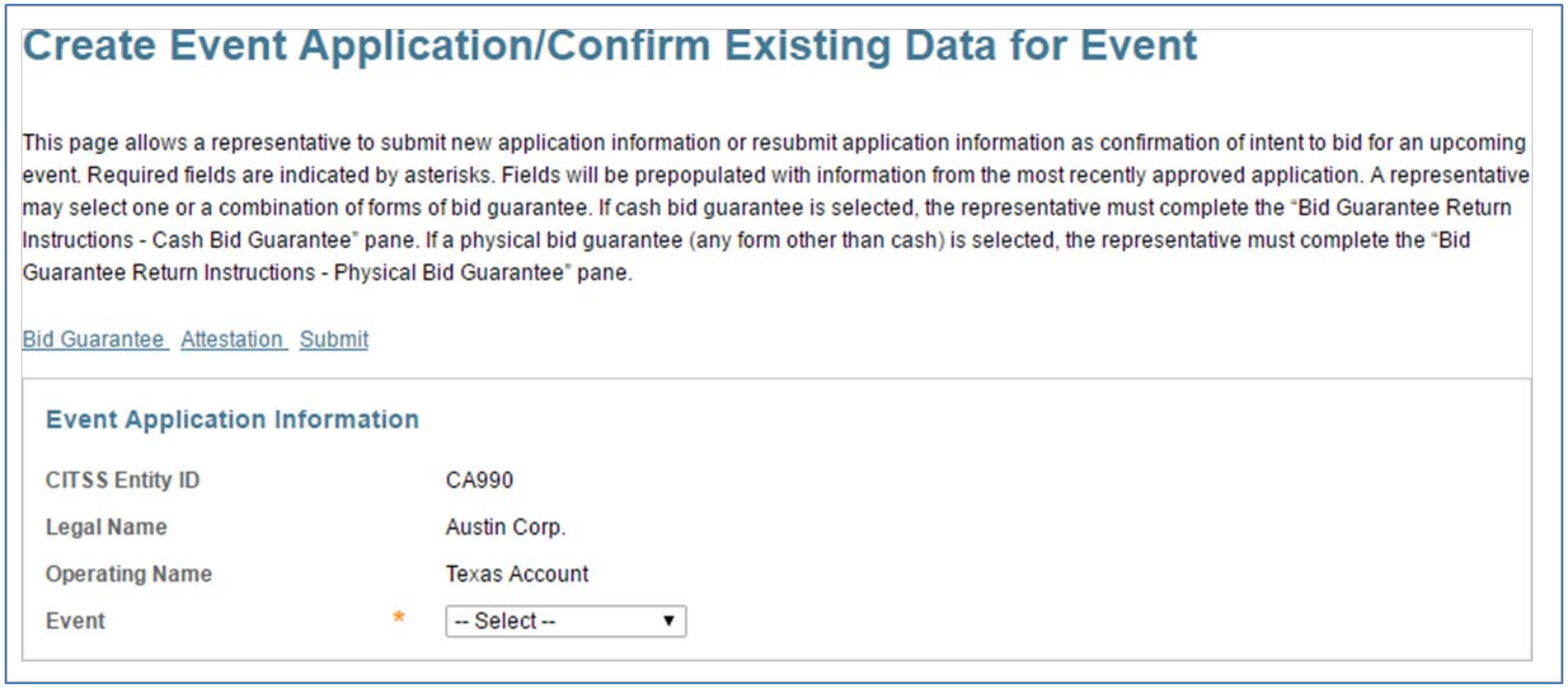
Step 1: Complete and Submit an Auction Application (cont.)

- The Create Event Application/Confirm Existing Data for Event page has six panes:
  - Event Application Information
  - Forms of Bid Guarantee
  - Bid Guarantee Return Instructions – Cash Bid Guarantee
  - Bid Guarantee Return Instructions – Physical Bid Guarantee
  - Attestation
  - Confirm and Submit

Auction Application Process

Step 1: Complete and Submit an Auction Application (cont.)

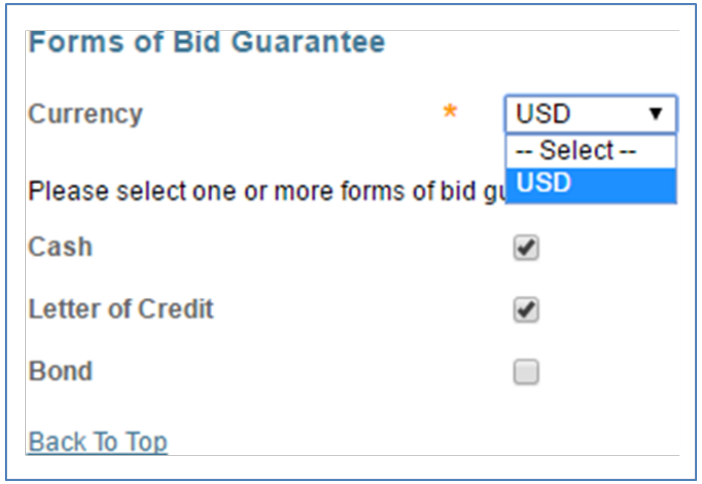
- Confirm the event in which the applicant intends to bid.
  - Select the appropriate auction event from the “Event” drop down menu.



Auction Application Process

Step 1: Complete and Submit Auction Application (cont.)

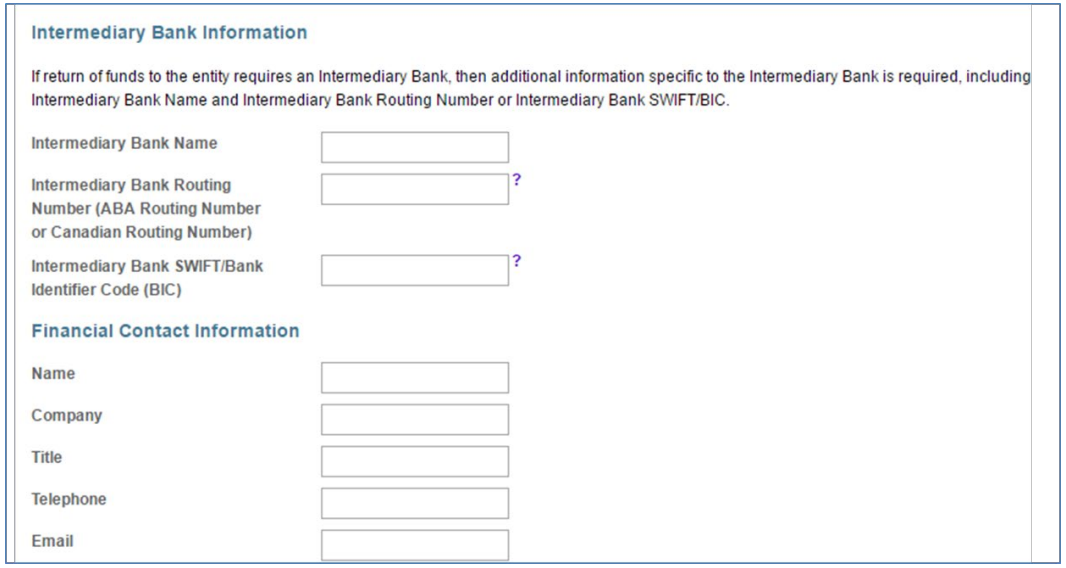
- Provide bid guarantee information including form(s) of bid guarantee, currency, and return instructions.
  - **Form(s) of Bid Guarantee:** Select the form(s) of bid guarantee by checking the appropriate checkbox.
  - Washington Entities must submit bid guarantees in USD in one or a combination of the following forms: **Cash** in the form of wire transfer; an irrevocable **letter of credit** (LOC), or a **bond.** All forms of big guarantee must be in a form that may be accepted by the financial services administrator consistent with U.S. banking laws and bank practices.



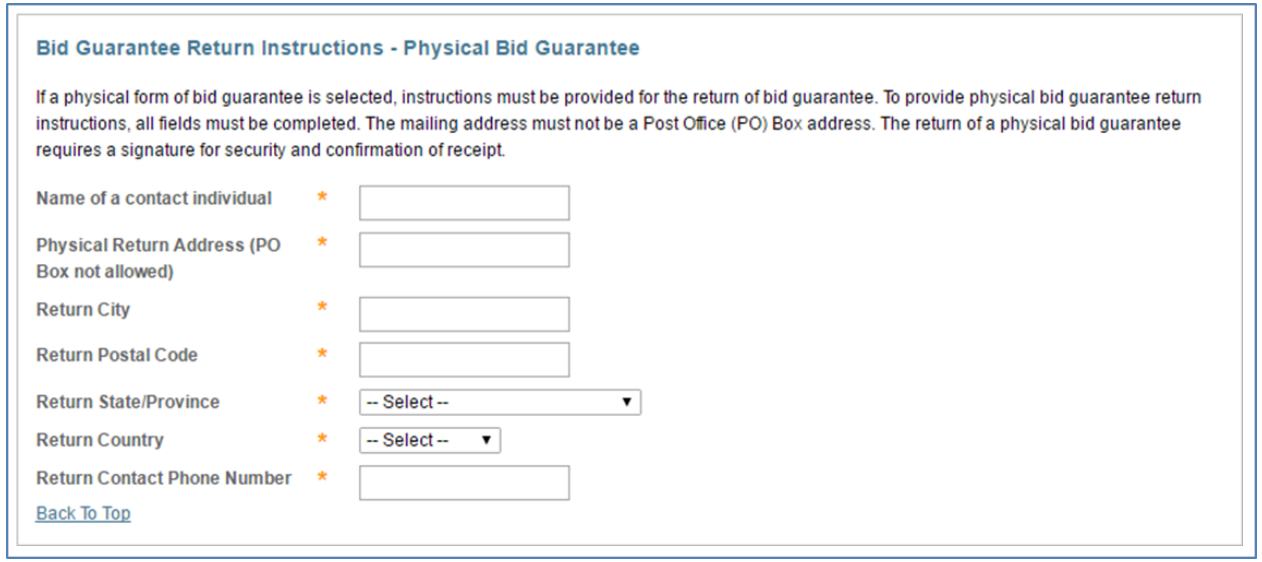
Auction Application Process

Step 1: Complete and Submit an Auction Application (cont.)

- Provide bid guarantee information including form(s) of bid guarantee, currency, and return instructions.
- Cash Bid:



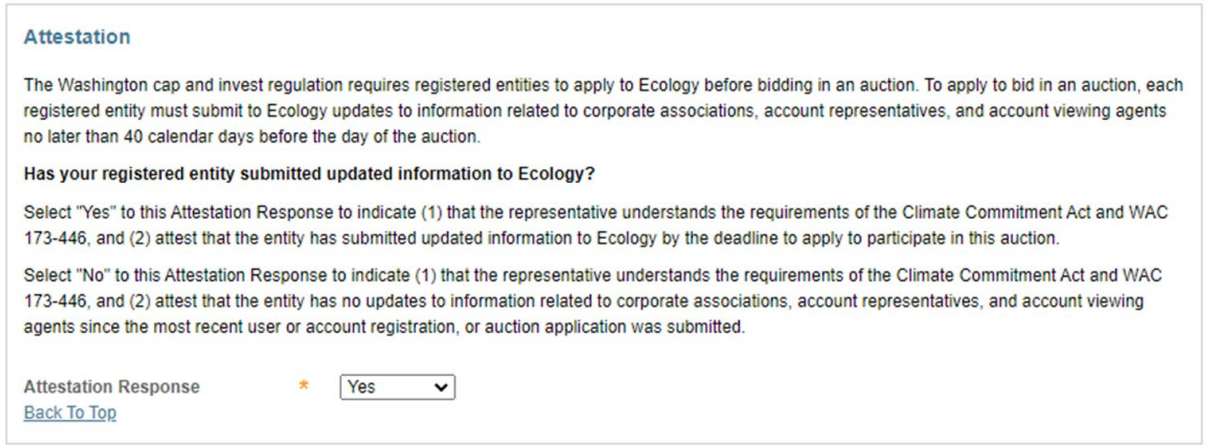
Physical Bid:



Auction Application Process

Step 1: Complete and Submit an Auction Application (cont.)

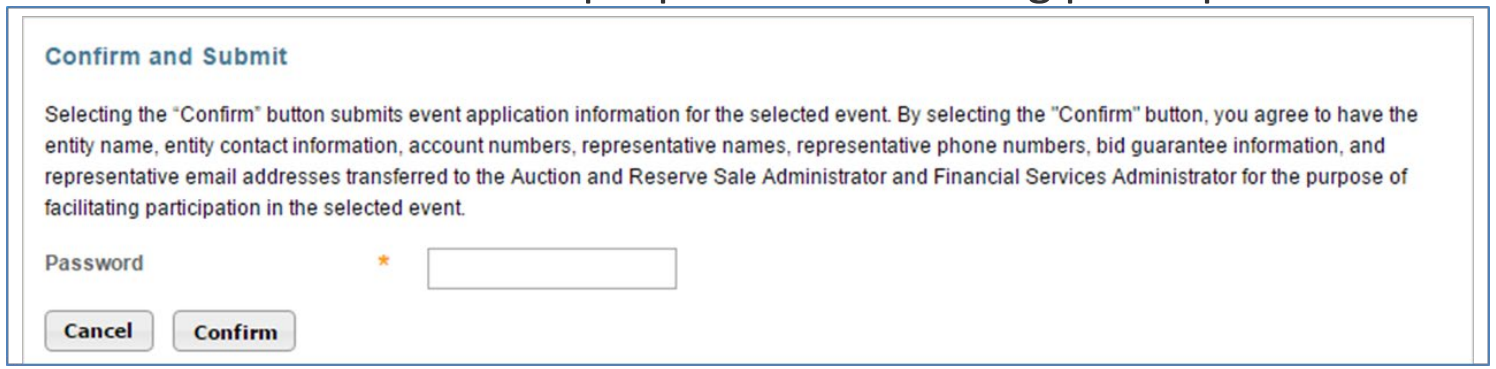
- Complete attestation.
    - Attestation responses are jurisdiction specific.
    - A “No” answer indicates the entity has *no updates* to the disclosures since the most recent auction application attestation was submitted.
    - A “Yes” answer indicates that the entity *will submit or update* the required disclosures to Ecology by the deadline to apply for the auction.



Auction Application Process

Step 1: Complete and Submit Auction Application (cont.)

- Confirm and submit auction application
  - To submit the auction application, enter your CITSS password and select the “Confirm” button.
  - By selecting the "Confirm" button, you agree to have the entity name, entity contact information, account numbers, representative names, representative phone numbers, bid guarantee information, and representative email addresses transferred to the Auction and Reserve Sale Administrator and Financial Services Administrator for the purpose of facilitating participation in the selected auction



Auction Application Process

Step 1: Complete and Submit an Auction Application (cont.)

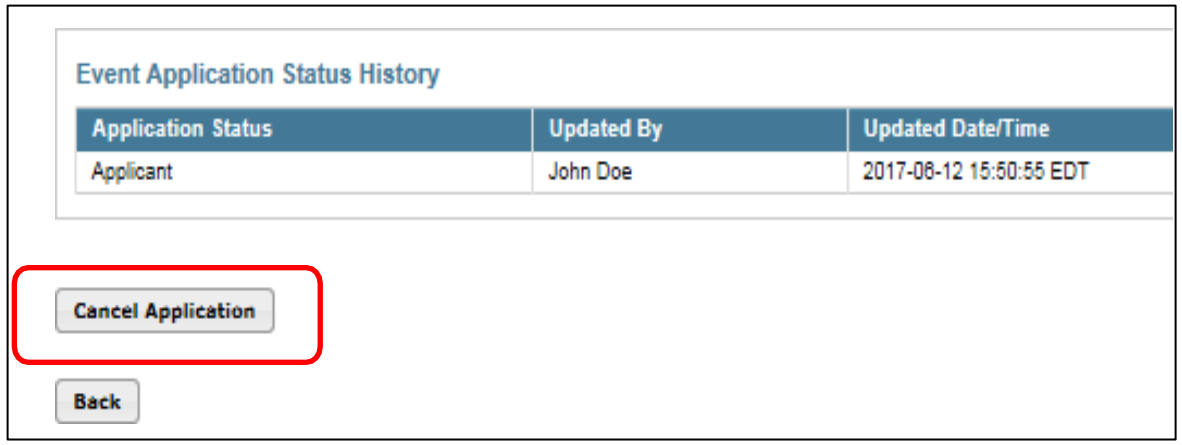
- Confirm and submit the auction application
  - Once the PAR or an AAR has submitted the application, the Event Applications page will be displayed with a message stating: “Event participation successfully created.” This message indicates that the event application has been submitted.
    - The PAR and all AARs will receive an email from CITSS with the subject line “CITSS Event Application Update.”
    - Event Applications Page in CITSS with a status of “Applicant.” This is also where changes may be made to your application

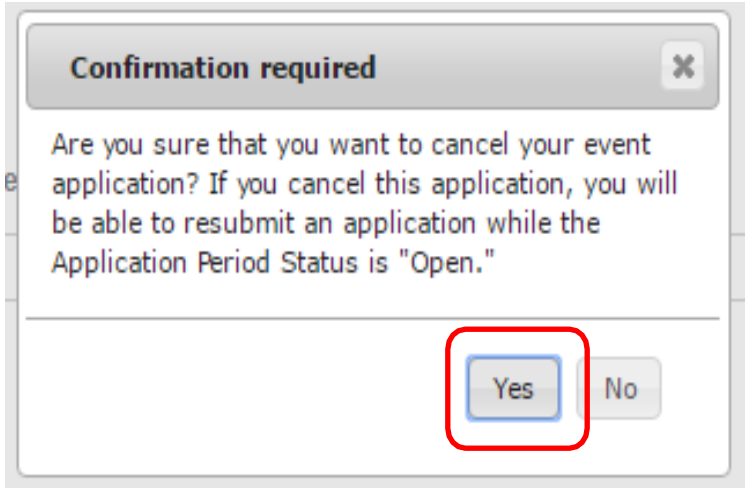


Auction Application Process

Changes to Auction Application Information

- The PAR or an AAR may cancel an auction application if the applicant no longer intends to participate in the upcoming auction
  - To cancel an auction application, an applicant's CITSS account representative must select the "Cancel Application" button at the bottom of the submitted auction application in CITSS and select "Yes" on the pop-up message.
  - Auction applications may be cancelled any time before the application has been approved or rejected in CITSS.







Auction Application Process

Step 2: Submit a Bid Guarantee

- After submitting an auction application, applicants must submit a bid guarantee by the deadline date and time provided in the Auction Notice.
- To submit a bid guarantee, an applicant must complete the following steps:
  - PAR and AAR(s) receive notice that a Financial Services Account has been established or verified.
  - The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS.
  - Submit a bid guarantee to the Financial Services Administrator.
- The Financial Services Administrator receives and maintains all bid guarantees submitted as financial assurance.

Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

- Once an auction application has been submitted, the Financial Services Administrator will complete the process to establish (for first time applicants) or verify (for previous applicants) a 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.
- To establish a Financial Services Account, additional information may be requested by the Financial Services Administrator.

Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

- Once a Financial Services Account has been established or verified:
  - An applicant's PAR and all AARs will receive an email from CITSS with the subject line "CITSS Event Financial Services Information Update."
  - The PAR or an AAR will then download the Financial Services Delivery Instructions from CITSS

Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

- The **Financial Services Delivery Instructions** include all the information needed to submit a cash bid guarantee or bid guarantee instrument, including the:
  - Financial Services Account Name,
  - Financial Services Account Number,
  - Wiring instructions for submitting cash by wire transfer,
  - Mailing instructions for physical bid guarantee instruments,
  - Email instructions for electronic bid guarantee instruments.

- Additional details on submitting a bid guarantee are provided in the Detailed Auction Requirements and Instructions document.

Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

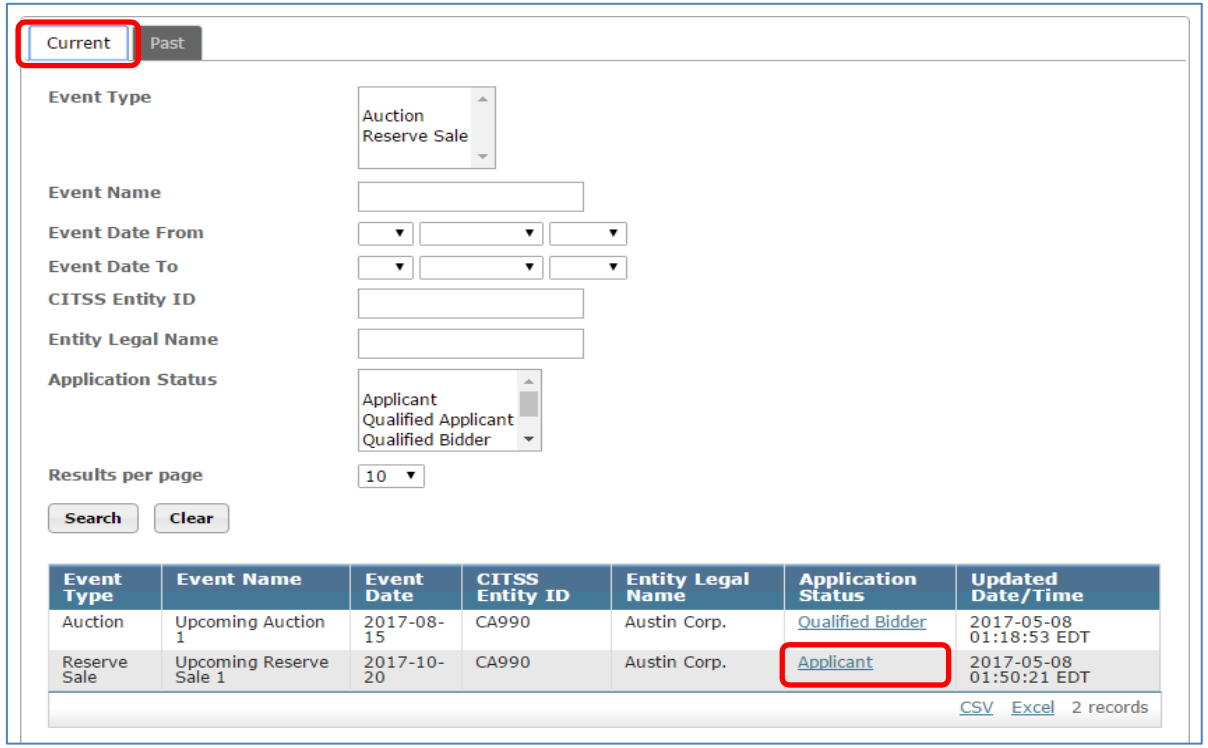
- The PAR or an AAR will download the Financial Services Delivery Instructions from CITSS
  - Navigate to the “Event Applications” page from the “Representative Reports” page.



Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

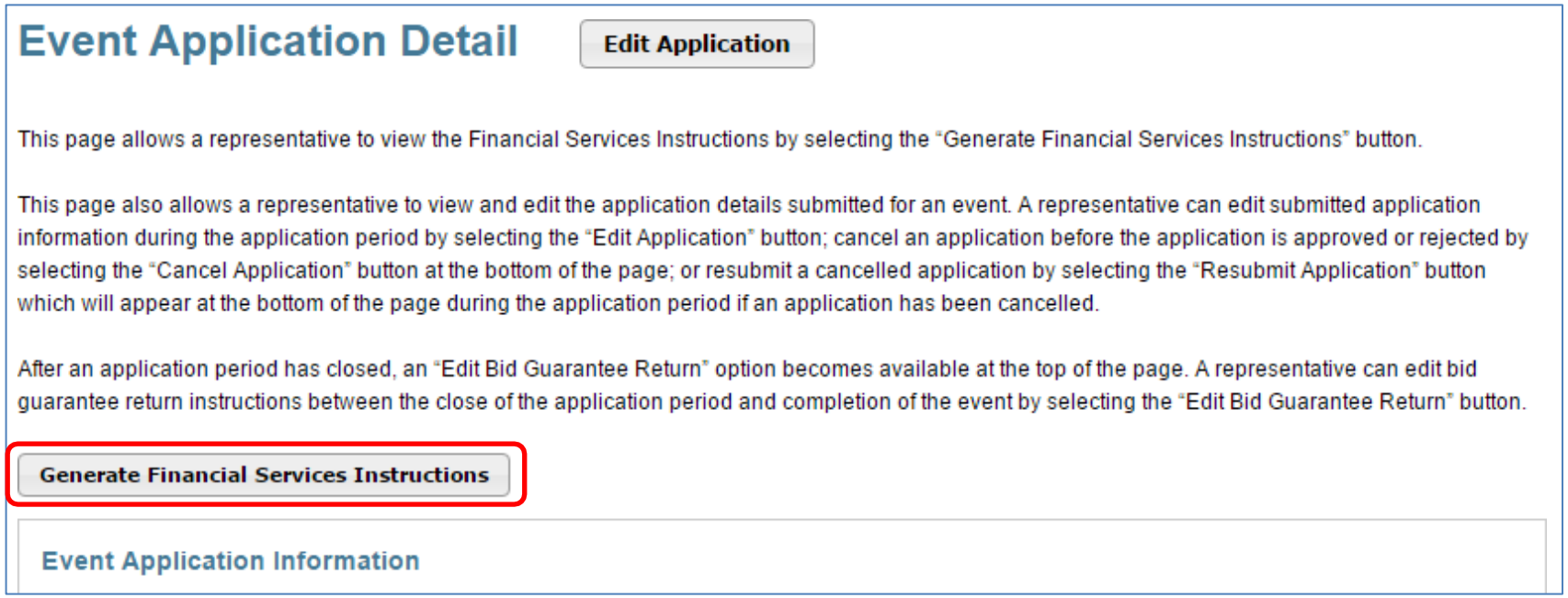
- On the “Event Applications” page under the “Current” tab, navigate to the auction application details by clicking on the Application Status.



Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

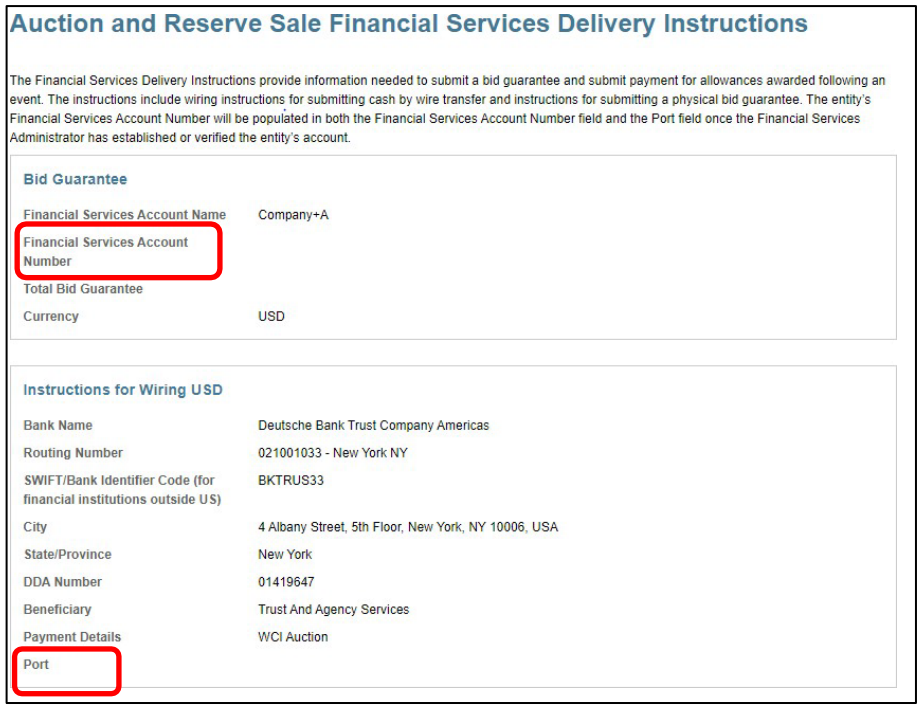
- Select the “Generate Financial Services Instructions” button on the “Event Application Detail” page.



Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

- Financial Services Delivery Instructions Page Example:



Auction and Reserve Sale Financial Services Delivery Instructions

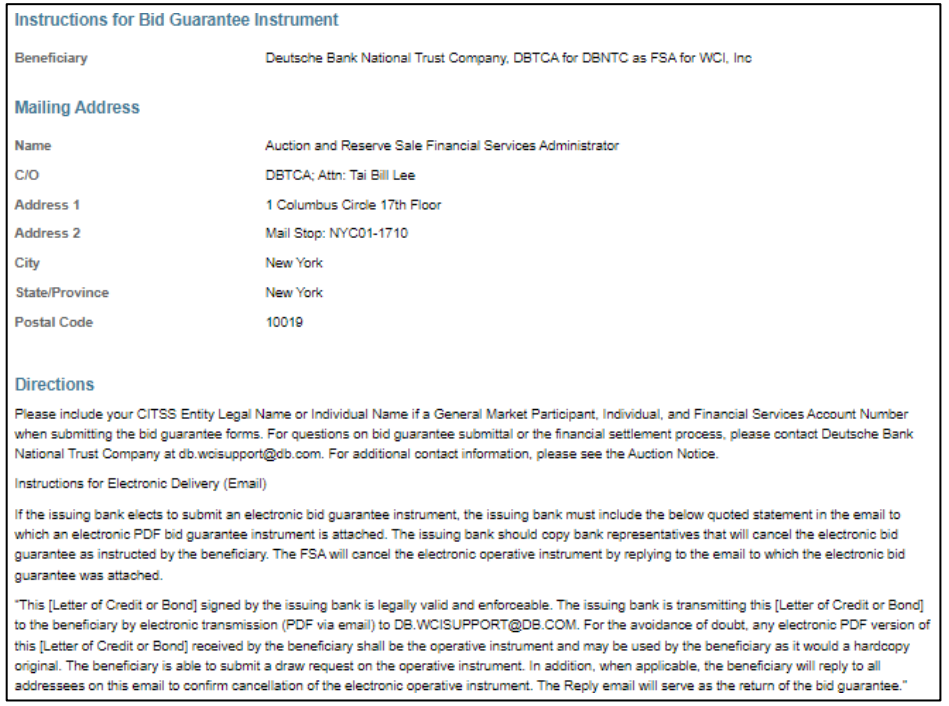
The Financial Services Delivery Instructions provide information needed to submit a bid guarantee and submit payment for allowances awarded following an event. The instructions include wiring instructions for submitting cash by wire transfer and instructions for submitting a physical bid guarantee. The entity's Financial Services Account Number will be populated in both the Financial Services Account Number field and the Port field once the Financial Services Administrator has established or verified the entity's account.

Bid Guarantee

Financial Services Account Name	Company+A
Financial Services Account Number	
Total Bid Guarantee	
Currency	USD

Instructions for Wiring USD

Bank Name	Deutsche Bank Trust Company Americas
Routing Number	021001033 - New York NY
SWIFT/Bank Identifier Code (for financial institutions outside US)	BKTRUS33
City	4 Albany Street, 5th Floor, New York, NY 10006, USA
State/Province	New York
DDA Number	01419647
Beneficiary	Trust And Agency Services
Payment Details	WCI Auction
Port	



Instructions for Bid Guarantee Instrument

Beneficiary	Deutsche Bank National Trust Company, DBTCA for DBNTC as FSA for WCI, Inc

Mailing Address

Name	Auction and Reserve Sale Financial Services Administrator
C/O	DBTCA; Attn: Tai Bill Lee
Address 1	1 Columbus Circle 17th Floor
Address 2	Mail Stop: NYC01-1710
City	New York
State/Province	New York
Postal Code	10019

Directions

Please include your CITSS Entity Legal Name or Individual Name if a General Market Participant, Individual, and Financial Services Account Number when submitting the bid guarantee forms. For questions on bid guarantee submittal or the financial settlement process, please contact Deutsche Bank National Trust Company at db.wcisupport@db.com. For additional contact information, please see the Auction Notice.

Instructions for Electronic Delivery (Email)

If the issuing bank elects to submit an electronic bid guarantee instrument, the issuing bank must include the below quoted statement in the email to which an electronic PDF bid guarantee instrument is attached. The issuing bank should copy bank representatives that will cancel the electronic bid guarantee as instructed by the beneficiary. The FSA will cancel the electronic operative instrument by replying to the email to which the electronic bid guarantee was attached.

"This [Letter of Credit or Bond] signed by the issuing bank is legally valid and enforceable. The issuing bank is transmitting this [Letter of Credit or Bond] to the beneficiary by electronic transmission (PDF via email) to DB.WCISUPPORT@DB.COM. For the avoidance of doubt, any electronic PDF version of this [Letter of Credit or Bond] received by the beneficiary shall be the operative instrument and may be used by the beneficiary as it would a hardcopy original. The beneficiary is able to submit a draw request on the operative instrument. In addition, when applicable, the beneficiary will reply to all addressees on this email to confirm cancellation of the electronic operative instrument. The Reply email will serve as the return of the bid guarantee."

Note: The Financial Services Account Number and Port fields are 'blank' in this example. These fields will be blank until a financial services account number is uploaded in to CITSS.

Step 2: Submit a Bid Guarantee (cont.)

- Submit a bid guarantee to the Financial Services Administrator
  - 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.
      - Bids submitted by a qualified bidder will be evaluated against the amount of bid guarantee submitted.
      - Qualified bidders will not be awarded allowances with a total value that exceeds the bid guarantee submitted by the entity.
    - A single bid guarantee is submitted to cover bids in both the Current and Advance Auction.
  - Examples of how to determine a bid guarantee amount are provided in the Auction Examples document.

Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

Submitting Bid Guarantee Instruments

- Auction applicants may submit the following forms of bid guarantee instruments:
  - Cash wire transfer
  - An irrevocable letter of credit (LOC)
  - A bond
- Bid guarantee instruments must be received by the Financial Services Administrator in final form no later than the deadline date and time for receipt of bid guarantees as listed in the Auction Notice.
- Requirements for bid guarantee instruments are provided in the Detailed Auction Requirements and Instructions document.

Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

Submitting Cash Bid Guarantee

- Cash wire transfers must be received by the Financial Services Administrator no later than the deadline date and time for receipt of bid guarantees as listed in the Auction Notice. (No later than 12 days before auction date.)
- Instructions on how to submit a cash bid guarantee through wire transfer are provided in the applicant's Financial Services Delivery Instructions.
  - Wire transfer instructions are specific to the location of the originating bank, whether international or located in the U.S., and the currency in which the applicant is participating.

Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

Bid Guarantee Revisions

- The Financial Services Administrator will evaluate the bid guarantee submitted and identify any amendments that are necessary to meet the requirements.
- If a submitted bid guarantee needs to be revised:
  - The applicant would be notified by the Financial Services Administrator.
  - The applicant would contact the institution issuing the document and request an amendment to their bid guarantee document.
  - All amendments **MUST** be completed and received by the Financial Services Administrator by the bid guarantee submittal deadline.
- If an applicant finds they need to revise a submitted bid guarantee, they should contact the Financial Services Administrator.

Auction Application Process

Step 2: Submit a Bid Guarantee (cont.)

- Once an applicant's bid guarantee is received, reviewed, and accepted by the Financial Services Administrator:
  - The PAR and AARs will receive an email from CITSS with the subject line "CITSS Event Financial Services Information Update."
  - Log in to CITSS to confirm the current auction application status.
  - The application status will change from "Applicant" to "Qualified Applicant."
  - The Bidding Limitation Data section of the Event Application Detail page in CITSS will display the Total Bid Guarantee amount recorded by the Financial Services Administrator.

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Upcoming Auction 1	2018-01-05	CA2211	Company+B	Qualified Applicant	2018-01-03 19:01:57 EST

Bidding Limitation Data

Cash Bid Guarantee Value	$10,000,000.00
Physical Bid Guarantee Value	
Total Bid Guarantee	$10,000,000.00

Auction Application Process

Step 3: Receive Notice of Approval to Participate in the Auction

- Ecology will approve or reject applications for auction participation on the date shown in the Auction Notice.
- The PAR and all AARs for each qualified applicant will receive an email from CITSS indicating that there is a change to the application status.
  - Email subject: “CITSS Event Application Update”
- Log in to CITSS to check the application status.
  - Approved applicants will have the status “Qualified Bidder.”
  - Rejected applicants will have the status “Rejected.”

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Upcoming Auction 1	2018-01-05	CA2211	Company+B	Qualified Bidder	2018-01-03 19:14:26 EST



Auction Participant Training Agenda

Section III: Auction Participation & Bidding

- Access to the Auction Platform
- Bidding in the Auction
  - Manual Bid Entry: Single Bid
  - Bid Schedule Upload: Multiple Bids
  - Editing or Deleting Bids
  - Confirming Bids Uploaded: Client Bids Audit Report
- Bidding Limitations
  - Bid Guarantee
  - Purchase Limits
  - Holding Limits
  - Holding Limits: Limited Exemptions
  - Management of Purchase Limits and Holding Limits

Access to the Auction Platform

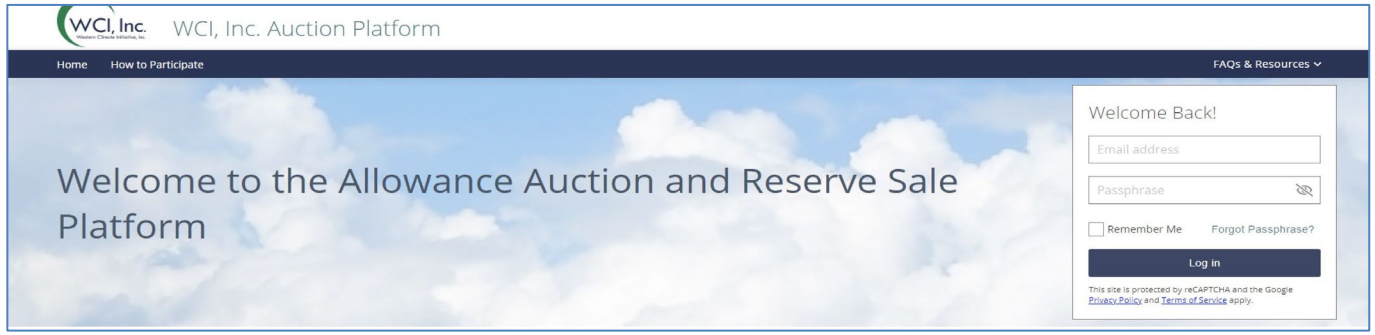
- The Auction Platform allows qualified bidder account representatives (PAR and AARs) to download required templates, submit bids, review results, and download reports for an auction.
- Users that become a PAR or AAR of an entity in CITSS that has been a Qualified Bidder to a past auction or that has submitted an application to an upcoming auction or reserve sale will be invited to establish an Auction Platform account.

Access to the Auction Platform

- The PAR and AARs authorized to act on a qualified bidder's behalf must have an active Auction Platform account.
- New Representatives:
  - An email will be sent within 24 hours to the PAR or AAR being approved by the Jurisdiction Registrar in CITSS.
  - The email will contain an activation link inviting the user to establish account credentials (passphrase and security questions) for an Auction Platform account.
  - The activation email will be sent to the account representative's current email address listed in CITSS.
  - The current email address in CITSS will be the account representative's username (Email ID) in the Auction Platform.
  - The activation link can only be used once and will expire after 24 hours.
  - If the link expires, a new activation link can be requested by emailing the CITSS Help Desk at RegistrarCCA@ecy.wa.gov
- Previous Representatives:
  - If an account representative previously activated an Auction Platform account, the previously established username and password can be used for account access.

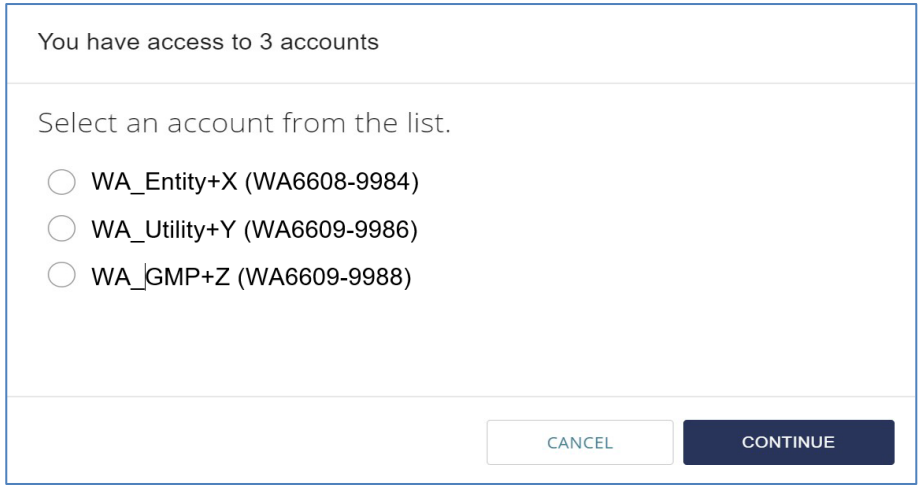
Access to the Auction Platform

- The Auction Platform provides multiple security features to protect user accounts:
  - Passphrase and security questions,
  - Passphrase expiration every 90 days,
  - reCAPTCHA feature to protect against automated access attempts.
- Qualified bidder representatives are advised to log in to the Auction Platform prior to the day of the auction to ensure they are able to access their account.



Access to the Auction Platform

- Consistent with CITSS, the Auction Platform allows an individual to represent multiple entities as a PAR or AAR.
- Upon logging in to the Auction Platform, if a user represents multiple entities that are have been qualified bidders in past events, the Account Selection pop up will display.
- Select a Participant Account in the pop up to indicate the entity to represent.
- To represent a different entity after log in, click on the dropdown menu in the user information bar and select a different entity.





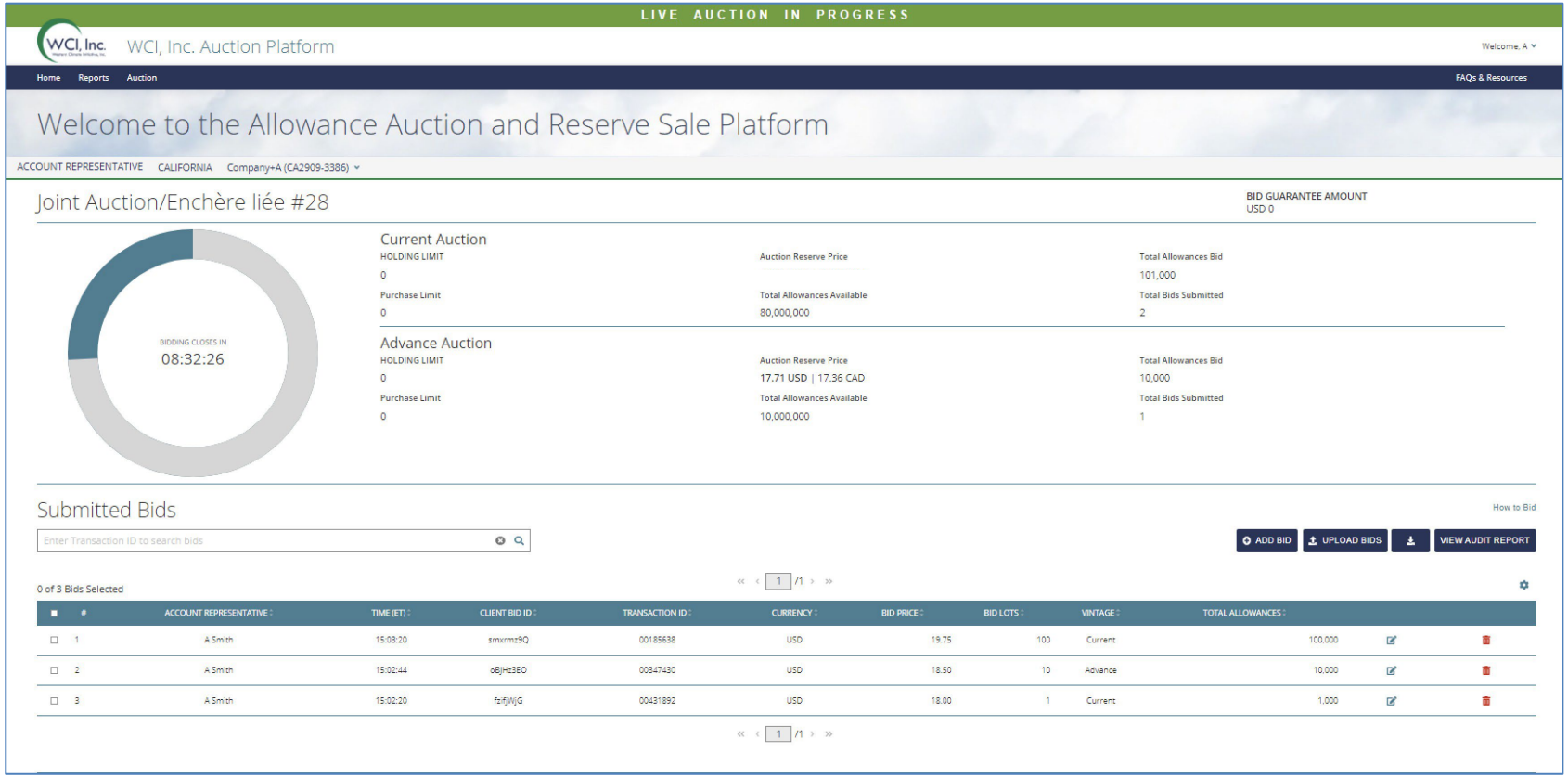
Bidding in the Auction

- The bidding window can be accessed by clicking on the Auction Tab on the top banner of the Auction Platform.
- Qualified bidders to an Auction will be able to see if the auction bidding window is open by viewing the announcement bar at the top of the Auction Platform pages.
  - The “Live Auction in Progress” message will display during an open auction bidding window.
- While the auction bidding window is open, qualified bidders may submit bids for the Current Auction and the Advance Auction.



Bidding in the Auction

Auction Bidding Page



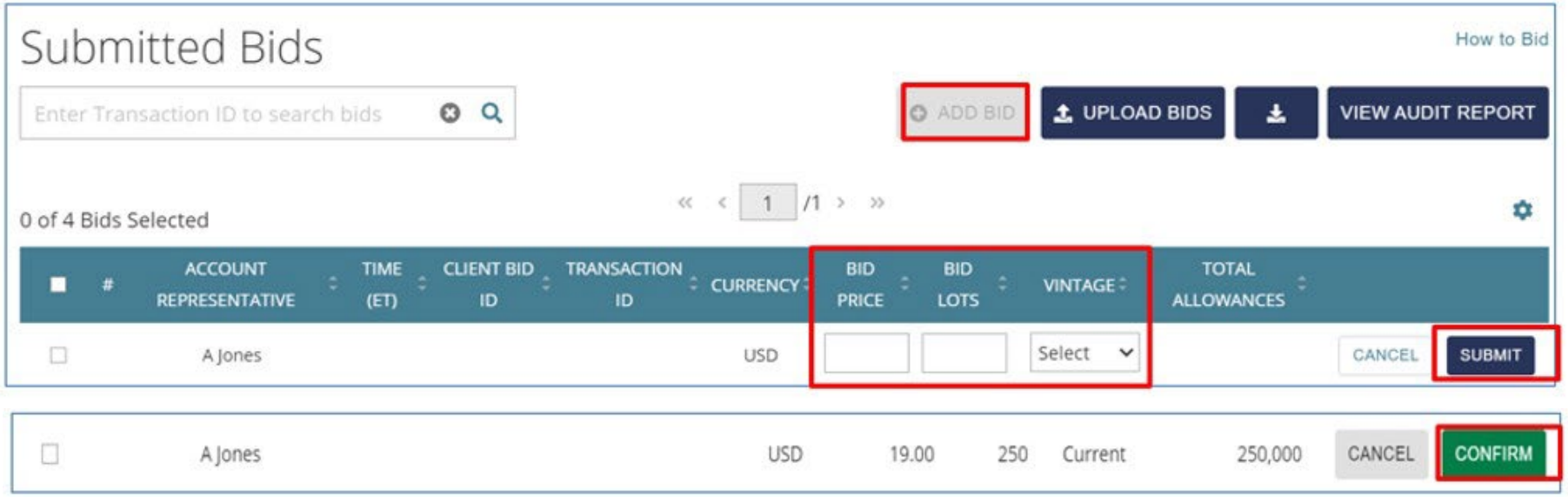
Bidding in the Auction

- Qualified bidders may submit bids manually or upload a bid schedule using the Bid Upload Template provided through the Auction Platform.
- For each bid the following information must be entered:
  - **Bid Price:** the price at which the qualified bidder wishes to purchase **each** emission allowance in dollars and whole cents.
  - Number of **Bid Lots:** 1 bid lot = **1,000** emission allowances
  - **Instrument Vintage:** Current or Advance
  - Currency must be USD

Bidding in the Auction

Manual Bid Entry: Single Bid

- To manually submit a single bid, select the “Add Bid” button.
  - Once the Add Bid button is selected, a bid record row will appear providing fields to enter a Bid Price, Bid Lots, and Vintage. Once filled in, select the “Submit” button.
  - Review the bid and select the “Confirm” button to submit the bid.



Submitted bids can be manually edited or deleted during the 3-hour bidding window.

After the bidding window closes, no further changes to bids are permissible.

Bidding in the Auction

Bid Schedule Upload: Multiple Bids

- Bids may also be submitted in batches by uploading a bid schedule.
- A **Bid Schedule** is a pre-formatted Excel spreadsheet called the “Bid Upload Template” that the qualified bidder needs to fill out with a list of their bids prior to uploading the Template.
  - The “Bid Upload Template” is available for download on the Auction Page.
  - For each auction, a unique pre-formatted spreadsheet is available in the Auction Platform.
  - Up to 1,000 unique bids may be included in a single bid schedule.

Bidding in the Auction

Bid Schedule Upload: Multiple Bids (cont.)

Bid Upload Template

	A	B	C	D	E
1	WCI, Inc.	WCI, Inc. Auction 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 dollars and whole cents.			
6	Tips: To minimize any effects of floating point arithmetic storage inaccuracy, you can also use the ROUND function to round numbers to the number of decimal places that is required by your calculation.				
7	**Bid Lots**	Enter the number of lots. Each lot is 1000 allowances.			
8	**Bid Allowances**	Total Bid Allowances is calculated as Bid Lots multiplied by 1000.			
9	**Instrument Vintage**	Select the allowance vintage from the drop down.			
10					
11	**Currency Options**				
12	USD				
13					
14					
15	**Instrument Vintages Offered**				
16	Current	The allowances offered in the Current Auction may include allowances of vintages prior to the current year. When submitting bids for the Current Auction, all bids are placed as "Current" vintage.			
17	Advance				
18					
19	**Currency**	**Bid Price**	**Bid Lots**	**Bid Allowances**	**Instrument Vintage**
20				0	
21				0	
22				0	

Bidding in the Auction

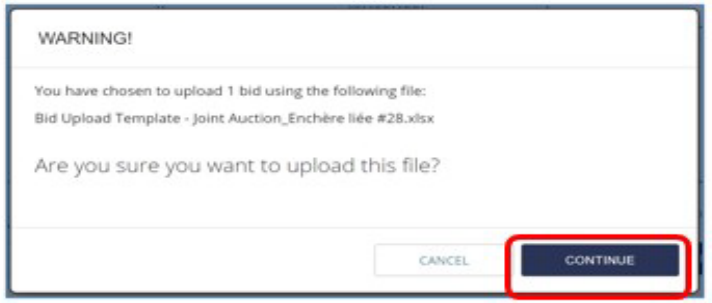
Bid Schedule Upload: Multiple Bids (cont.)

- The Upload Bids function is completed in 3 steps:
  - **Step 1:** Select “Upload Bids” – Browse and select the “Bid Upload Template” completed with the qualified bidder’s list of bids.
  - **Step 2:** Continue – Confirm the spreadsheet and Continue uploading the bids from the selected spreadsheet.
  - **Step 3:** Confirm submission – Confirm bids uploaded successfully from the spreadsheet.

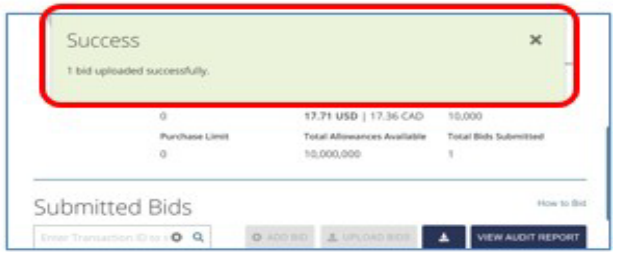
Step 1: Upload Bids



Step 2: Continue



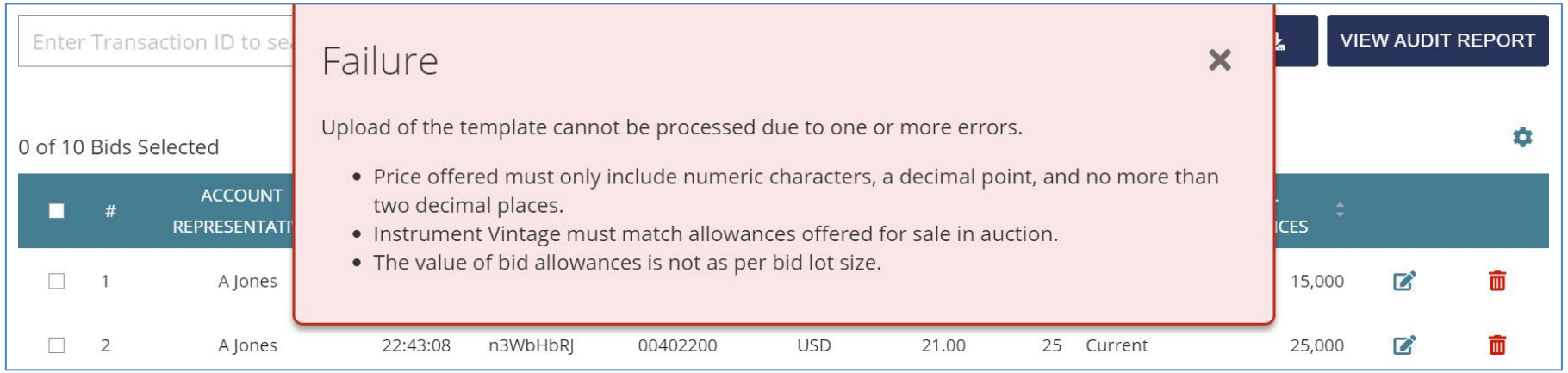
Step 3: Confirm Submission



Bidding in the Auction

Bid Schedule Upload: Multiple Bids (cont.)

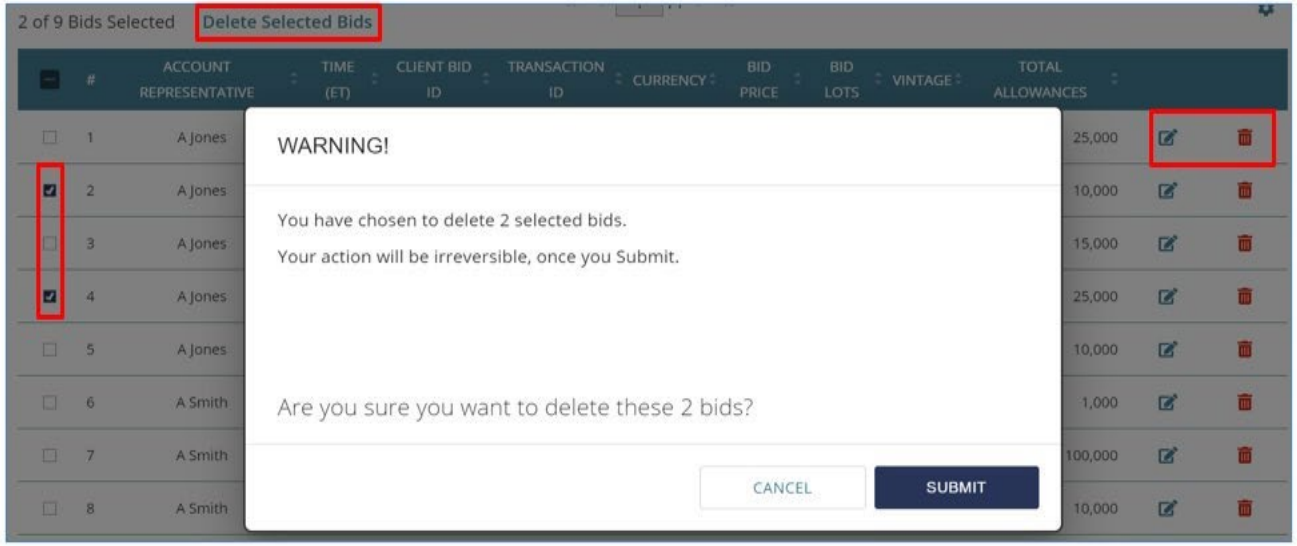
- The Auction Platform will confirm a successful or failed bid schedule upload.
- Multiple Bid Schedules may be uploaded during the 3-hour bidding window, but each schedule must be uploaded one at a time.
- After each bid upload process, qualified bidders are encouraged to confirm bid upload accuracy on screen or by downloading a Client Bids Audit Report.



Bidding in the Auction

Editing or Deleting Bids

- During the bidding window a bid may be edited or deleted.
  - To edit, select the pencil and paper icon and make required changes. Changes are submitted by selecting “Submit” and then “Confirm,” similar to the process of initial entry of the bid.
  - To delete, select the trashcan icon and then select “Submit” to confirm the bid deletion.
  - Multiple bids can be deleted in one action by selecting the bids and selecting the “Delete Selected Bids” button.



Bidding in the Auction

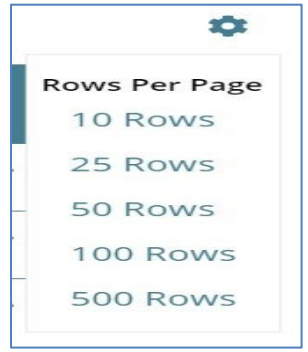
Editing or Deleting Bids (cont.)

- An entire transaction can be deleted by using the Transaction ID search box to filter the displayed bids.
  - Enter a Transaction ID in the search box.
  - Select the 🔍 button.
  - Select the ☐ button to select all displayed bids.
  - Select the “Delete Selected Bids” button to delete all selected bids.



If the transaction includes more bids than are displayed on the page, use the pagination options to display more bids.

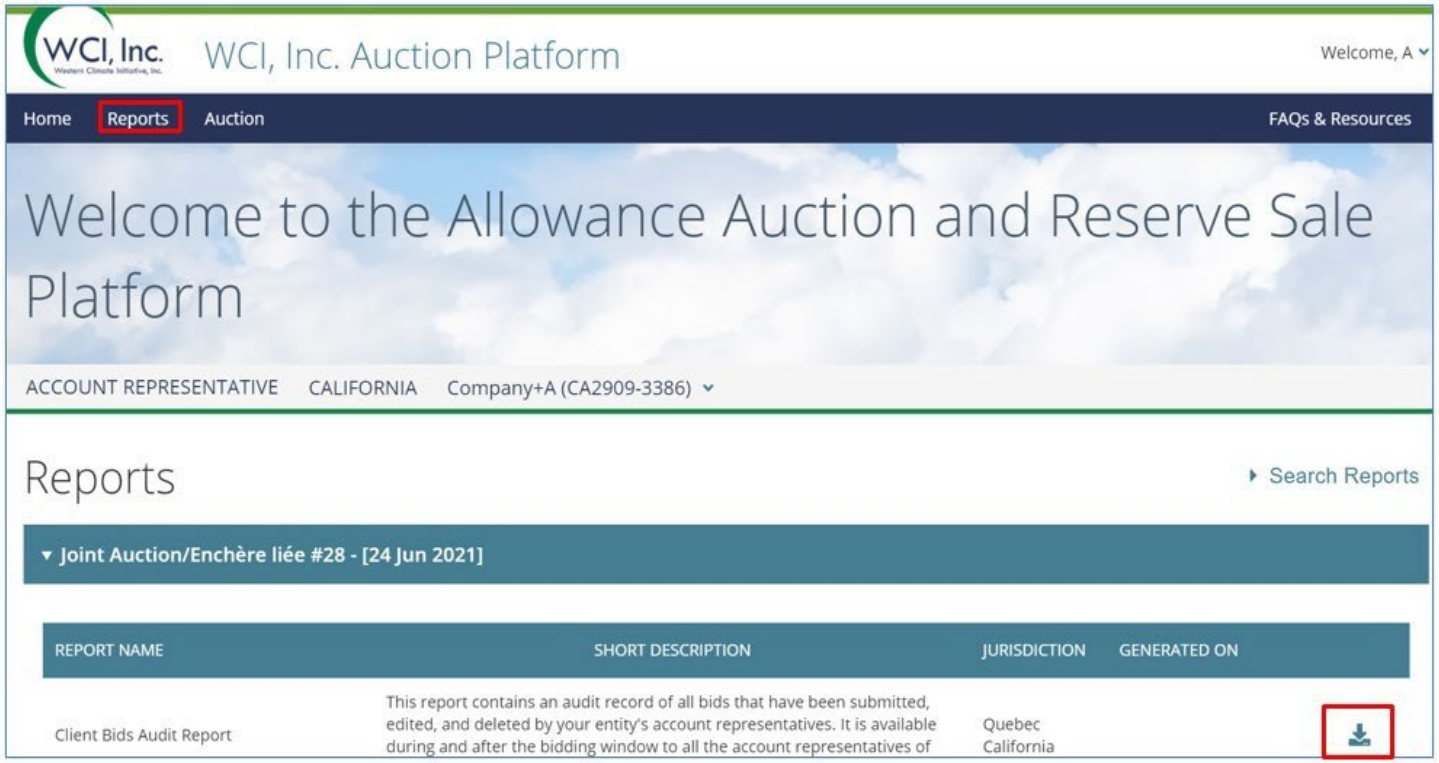




Bidding in the Auction

Confirming Bid Transactions: Client Bids Audit Report

- Entities can access the Client Bids Audit Report from the Auction Platform's Reports Page to confirm bid transactions: submitted, edited, and deleted.



Bidding in the Auction

Confirming Bid Transactions: Client Bids Audit Report (cont.)

- This example Client Bids Audit Report is based on a bid upload of three bids and subsequent edit of one of the bids.

	A	B	C	D	E	F	G	H	I	J
1	**Report Date & Time**	08-04-2022 20:22:06								
2	**Event Name**	WA Test Auction 234								
3	**Event Date**	08-04-2022								
4	**Entity Legal Name**	WA_Entity+B								
5	**Entity Operating Name**	WA_Entity+B								
6	**Total Bids Submitted**	4								
7										
8	**Client Bid ID**	**Transaction ID**	**Update Type**	**Update By**	**Update Time**	**Bid Creation Time**	**Bid Price**	**Bid Lots**	**Allowances Bid**	**Vitnage**
9	KhJ5tkFY	00309613	Add	ascott@den	19:05:46	19:05:46	42.50	5,000	5,000,000	Current
10	taWXahTH	00827616	Add	ascott@den	19:05:56	19:05:56	42.50	5,000	5,000,000	Advance
11	B5jODoLI	00952924	Add	ascott@den	19:06:16	19:06:16	50.00	2,000	2,000,000	Current
12	klJvebeF	00137085	Add	ascott@den	19:36:03	19:36:03	42.50	11	11,000	Current
13	klJvebeF	00362388	Delete	ascott@den	19:36:13	19:36:03	42.50	11	11,000	Current

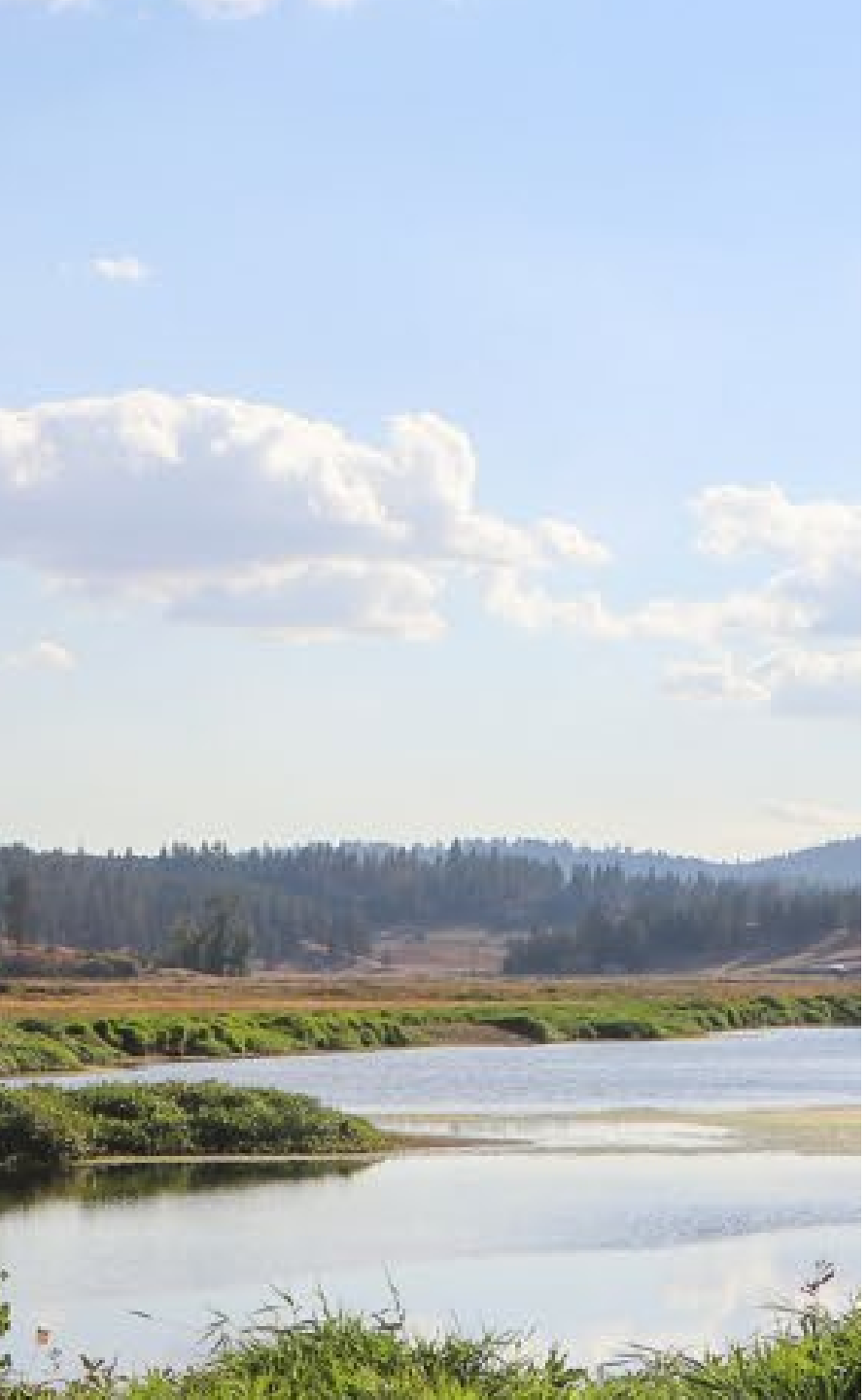
Bidding Limitations

- The Auction Floor Price effective during the auction is announced in the Auction Notice
  - Bids submitted with a bid price below the Auction Floor Price will not be accepted.
- Auction bids are rejected in bundles of 1,000 allowances, if bids:
  - Exceed the qualified bidder's purchase limit,
  - Exceed the qualified bidder's holding limit,
  - Exceed the value of the bid guarantee at the settlement price.
    - A qualified bidder's bid guarantee limitation is assessed at all potential settlement prices.
- Rejected bid quantities are not considered in determining the settlement price for an auction.
- More information available in the Auction Examples document.

Bidding Limitations

Bid Guarantee

- The bid guarantee submitted must be greater than or equal to the maximum bid value of the bids submitted.
  - You cannot place bids greater than your bid guarantee, or they will be rejected.
- Examples of how the bid guarantee limitation is applied are provided in the Auction Examples document.



Bidding Limitations

Bid Guarantee (cont.)

- Qualified bidders submit a single bid guarantee for both the Current Auction and Advance Auction.
  - Once the Current Auction settlement price has been determined, the total cost for allowances awarded in the Current Auction will be determined and deducted from the bid guarantee amount, and any bid guarantee amount remaining will be applied to the Advance Auction.

Bidding Limitations

Purchase Limits

- The **Purchase Limit** is the maximum number of allowances a qualified bidder is permitted to buy at an auction based on the entity type and number of allowances offered in the auction.
- Purchase limits are calculated separately for the Current Auction and the Advance Auction according to the qualified bidder entity type, or the purchase limit applied to a Corporate Association Group, if applicable.
- Complete information on determination of a purchase limit is provided in the Detailed Auction Requirements and Instructions document.

Bidding Limitations

Purchase Limits:

- **Covered or Opt-In Entity**: may not purchase more than 10% of allowances offered at a particular auction
- **General Market Participant**: may not purchase more that 4% of the allowances offered at a particular auction.
  - May not hold more than 10% of allowances issued in a calendar year.

Bidding Limitations

Holding Limits

- 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.
- The Current year holding limit applies to allowances of current and earlier vintages. Each future vintage has a separate holding limit.
  - The 2023 Holding Limit is 10,913,000 allowances.
  - The 2026 Holding Limit is 9,817,750 allowances.
- Qualified bidders that are members of a Corporate Association Group must share holding limits.
- The Auction Examples document provides further detail on how the holding limit applies to an auction.

Bidding Limitations

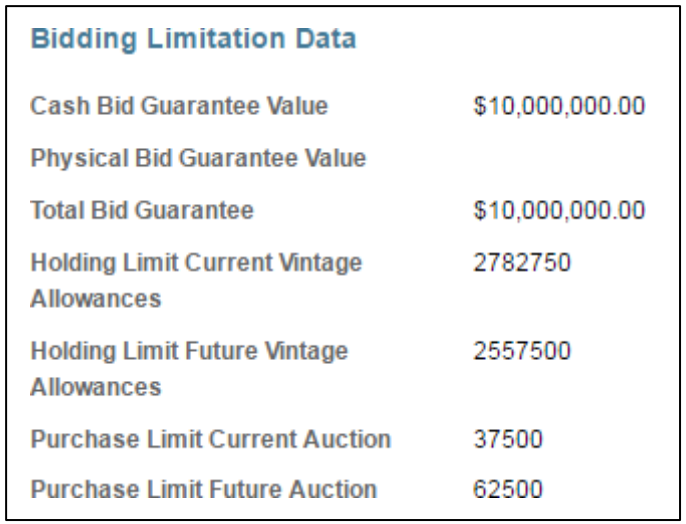
Management of Purchase Limits and Holding Limits

- The number representing the total number of allowances that may be successfully bid without exceeding the purchase limit, holding limit, and limited exemption for the Current Auction and Advance Auction for each auction qualified bidder is transferred from CITSS to the Auction Administrator.
  - Data is transferred to the Auction Administrator the day prior to an auction based on balances in CITSS accounts at approximately 9:00 AM PT / 12:00 PM (Noon) ET the day prior to the auction.
  - This information is used solely for the purpose of administration of the holding limit and purchase limit bid limitations in the auction and will 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

Management of Purchase Limits and Holding Limits

- In CITSS, the Event Application Detail page displays the purchase limit and holding limit bidding limitations assigned to the entity for the specific auction.



Bidding Limitation Data	
Cash Bid Guarantee Value	$10,000,000.00
Physical Bid Guarantee Value	
Total Bid Guarantee	$10,000,000.00
Holding Limit Current Vintage Allowances	2782750
Holding Limit Future Vintage Allowances	2557500
Purchase Limit Current Auction	37500
Purchase Limit Future Auction	62500

- The purchase limit and holding limit bidding limitations are also displayed on the Auction Page in the Auction Platform.



Auction Participant Training Agenda

Section IV: Auction Results & Financial Settlement

- Settlement Price & Bid Fulfillment Determination
  - Tiebreaker process
- Auction Conduct
- Market Monitoring
- Auction Results and Certification
  - Joint Auction Summary Results Report
  - Availability of Qualified Bidder Results
  - Financial Statement and Client Bids Report
- Financial Settlement
  - Payment Requirements
  - Bid Guarantee Return
- Closing Activities
  - Post Auction Public Proceeds Report
  - Transfer of Allowances into CITSS Accounts

Settlement Price & Bid Fulfillment Determination

After rejecting unviable bids, Ecology will:

- Rank all remaining bids from highest price to lowest price.
- Accept all bids starting from the highest price and moving down and continue doing so as long as:
    - allowances remain to be sold; and
    - prices are above the floor price.
- Determine the **settlement price** for the auction is the lowest price of a viable bid above the floor price.
- All bidders pay the auction settlement price for all accepted bids regardless of what the bidder bid for allowances

Settlement Price & Bid Fulfillment Determination

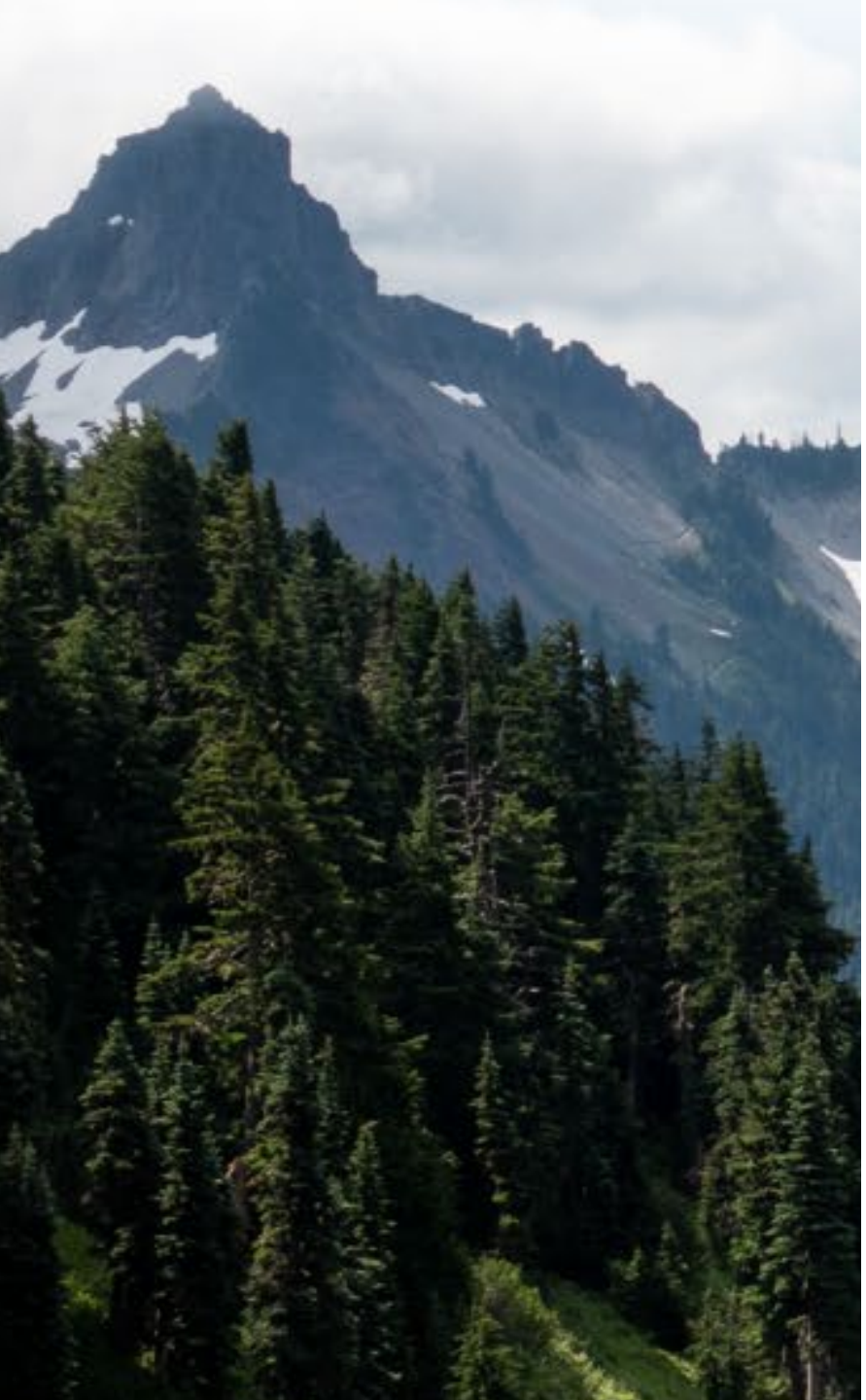
- Bid evaluation and settlement price determination for the Current Auction and Advance Auction are conducted separately, in consecutive order.
- If the total qualified bid allowances exceeds the total allowances offered at the settlement price, a **tiebreaker process** is used.
- More information about the Tiebreaker process can be found in the auction example document

Market Monitoring

Ecology staff and the Market Monitor actively monitor the GHG allowance auctions and market activities, including GHG allowance holding positions.

The Market Monitor reviews bidding activity and works with Ecology and 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.



Auction Results and Certification

Auction Summary Results Report

- The Auction Summary Results Report will be posted on the Ecology website approximately one week after the auction is conducted.
  - The date of posting is provided in the Auction Notice.
  - The posting is anticipated to occur at 12:00 PM (Noon) PT / 3:00 PM ET.
  - In the event of a delay, a message will be posted on the jurisdictions' websites providing the new time for the release of the auction results.
- The Auction Summary Results Report provides general results, settlement price, and statistics of the auction.

Auction Results and Certification

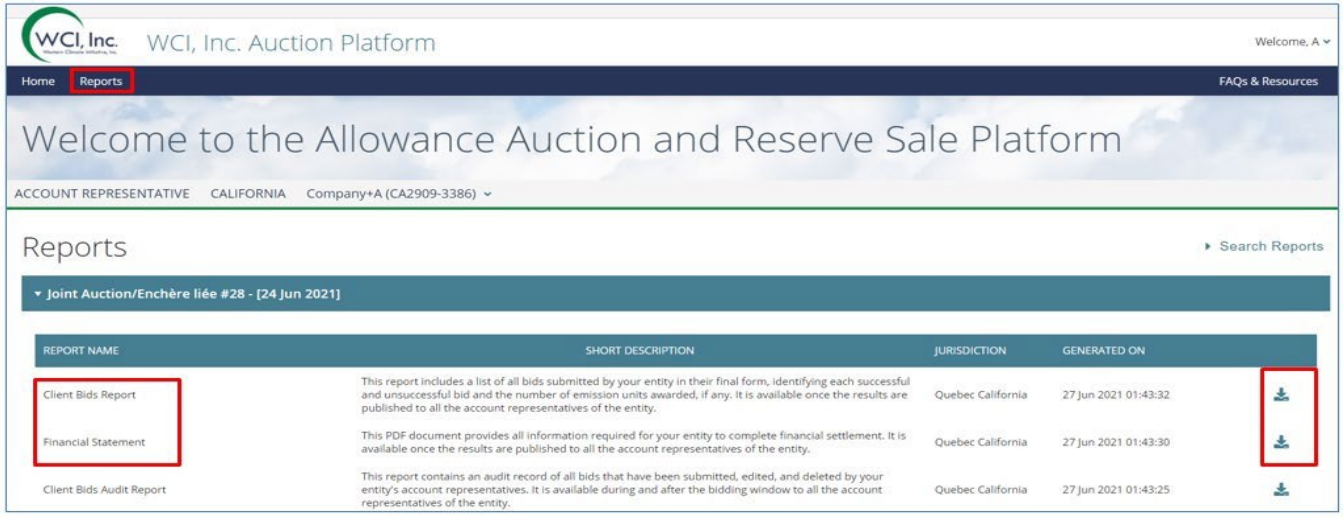
Availability of Participant Results

- Following the posting of the Auction Summary Results Report, Ecology will certify the auction in the Auction Platform.
  - Representatives of qualified bidders will receive email notification from support@wci-inc.org that qualified bidder results are available in the Auction Platform.
- Upon certification, representatives of qualified bidders will be able to view and download the following from the Auction Platform:
  - **Client Bids Report:** This is the qualified bidder's detailed auction results.
  - **The Financial Statement:** This is the qualified bidder's financial settlement invoice.
    - Availability of the Financial Statement upon certification of the auction represents the beginning of the seven (7) day period in which an auction qualified bidder is required to complete payment to the Financial Services Administrator of the amount due for allowances awarded.

Auction Results and Certification

Financial Settlement and Client Bids Report

- Following certification of an auction, qualified bidders download their Financial Statement and Client Bids Report from the Auction Platform's Reports Page.





Auction Results and Certification

Financial Settlement and Client Bids Report (cont.)

The Financial Statement will include:

- Auction Information
  - Settlement Price (Current and Advance)
  - Number of Successful Bids and Successful Bid Allowances (Current and Advance)
  - Total Bid Cost (Current, Advance, and Combined Total Cost)
- Account Information
  - Qualified bidder Information
  - Bid Guarantee Submitted by Type (cash, LOC, or bond)
  - Amount Due to Financial Services Administrator (if any)
  - Amount Due By Date (if an amount is due)
  - Wiring Instructions for Submitting Payment
- The **Client Bids Report** provides records on all bids submitted by a qualified bidder in their final form, identifying each successful and unsuccessful bid and the number of allowances awarded.

Financial Statement

Payment Requirements

- Qualified bidders must download their Financial Statement to determine any amounts owed.
- For those qualified bidders that submitted cash bid guarantees, the Financial Services Administrator will use the cash submitted to settle for any amounts owed.
- Qualified bidders that submitted a bid guarantee instrument must submit cash by wire transfer as financial settlement for any amounts owed, no later than seven (7) days after certification of an auction.
- The payment deadline for each auction is listed in the Auction Notice.
- Bank/cashiers checks will not be accepted.
- The Financial Services Administrator will draw on bid guarantee instruments for qualified bidders that fail to submit payment for amounts owed by the deadline provided in the Auction Notice.

Financial Statement

Bid Guarantee Return

- For qualified bidders that submitted a cash bid guarantee, the Financial Services Administrator will return unused cash through wire transfer within approximately 3 business days after the auction is certified based on the return instructions specified during the auction application process.
- For winning bidders that submitted a physical bid guarantee instrument, following receipt of all amounts owed, the Financial Services Administrator will return physical bid guarantee instruments through UPS, FedEx or DHL delivery based on the return instructions specified during the auction application process.
- For winning bidders that submitted an electronic bid guarantee instrument, the FSA will reply to the email to which the bid guarantee instrument was attached. The Reply email will also instruct bank representatives copied on the email to cancel the electronic bid guarantee instrument.

Closing Activities

Post Auction Public Proceeds Report

- Ecology will release Post Auction Public Proceeds Reports, which will provide the final amount of jurisdiction proceeds.
- Refer to the Auction Schedule provided in the Auction Notice for the expected date that the Post Auction Public Proceeds Report will be available.



Closing Activities—Transfer of Allowances to Bidders

Transfer of Allowances into CITSS Accounts

- Allowances are transferred to successful bidders following completion of financial settlement and distribution of auction proceeds to the jurisdictions and consigning entities.
- The expected date for allowance transfers is provided in the Auction Schedule in the Auction Notice.
- Additional information on the transfer of allowances into CITSS accounts is available in the Detailed Auction Requirements and Instructions document.

Contact Information

Auction Participation Questions

- Please contact Ecology Auctions and Market Help Desk:
  - Email: RegistrarCCA@ecy.wa.gov
  - Call (360) 407-6296
- Washington Cap-and-Invest Program
  - Auctions webpage: cca.wa.gov/auctions-and-trading
- Additional Training Material:
  - https://ecology.wa.gov/Air-Climate/Climate-Commitment-Act/Cap-and-invest/Auctions-and-trading/Trainings-and-Resources
- For ADA accommodation, contact Ecology at 360-407-6800 or melanie.forster@ecy.wa.gov, or visit https://ecology.wa.gov/accessibility. For Relay Service or TTY call 711 or 877-833-6341.

WCI, Inc. Western Climate Initiative, Inc.