

# California Reserve Sale Participant Training Presentation

**Prepared By:**  
California Air Resources Board (CARB)

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# Reserve Sale Participant Training Agenda (1 of 2)

- ❖ **Section I: Overview**
- ❖ **Section II: Reserve Sale Application Process**
- ❖ **Section III: Reserve Sale Participation & Bidding**
- ❖ **Section IV: Reserve Sale Results & Financial Settlement**
- ❖ **Contact Information**

# Reserve Sale Participant Training Agenda (2 of 2)

## ❖ Section I: Overview

- Introduction
- Comparison of Auctions and Reserve Sales
- General Reserve Sale Schedule
  - Reserve Sale Notice
  - Reserve Sale Eligibility

# Introduction

- AB 32 required California to reduce GHG emissions to 1990 levels by 2020. SB 32 requires a 40% reduction from this level by 2030, and AB 1279 requires an 85% reduction and carbon neutrality by 2045.
- The Cap-and-Trade Regulation (“Regulation”) is a key element of California’s portfolio of climate policies.
- The Regulation is designed to provide covered entities the flexibility to seek and implement the lowest-cost options to reduce emissions.
- As part of the Cap-and-Trade Program, CARB holds Allowance Price Containment Reserve (APCR) sales (reserve sales) to allow market participants to acquire allowances directly from CARB at a set price.
- Auction and Reserve Sale Platform
  - Referred to as the [Auction Platform](https://www.wci-auction.org/ca) for simplicity
  - Accessible at <https://www.wci-auction.org/ca>

# Comparison of Auctions and Reserve Sales

## Auctions:

- Open to covered entities, opt-in covered entities, and voluntarily associated entities.
- Entities bid on allowances and pay the Settlement Price for each allowance awarded.
- Allowances awarded are transferred into an entity's General Holding Account.
- Bids are placed for either current vintage allowances or a specific future vintage.
- Application period lasts 30 days.

## Reserve Sales:

- Open only to covered entities and opt-in covered entities.
- Entities purchase allowances from two fixed-price tiers.
- Allowances awarded are transferred into an entity's Compliance Account.
- Reserve allowances do not have a vintage year and can be used for compliance in any year.
- Application period is approximately 10 days in duration.

# General Reserve Sale Schedule (1 of 3)

- Reserve sales are only offered if the Current Auction held in the preceding quarter resulted in a settlement price  $\geq$  60% of lowest Reserve tier price.
- During the quarter prior to the November 1 compliance obligation instrument surrender deadline, a Reserve sale will be offered without regard to the settlement price in the Current Auction held during the preceding quarter.

# General Reserve Sale Schedule (2 of 3)

#	Activities	Reserve Sale Time Period	Time – Pacific Time (PT) / Eastern Time (ET)
1	<b>Reserve Sale Notice</b> released – application period opens	30 days prior to reserve sale	12:00 PM (Noon) PT / 3:00 PM ET
2	Reserve sale application period closes	20 days prior to reserve sale	8:59 PM PT / 11:59 PM ET
3	All bid guarantees due to Financial Services Administrator	12 days prior to reserve sale	No later than 3:00 PM PT / 6:00 PM ET
4	Reserve sale participants approved and PAR and AARs notified	2 days prior to reserve sale	No later than 5:00 PM PT / 8:00 PM ET
5	Reserve Sale held	Date provided in Reserve Sale Notice	Bidding window 10:00 AM – 1:00 PM PT / 1:00PM – 4:00 PM ET

# General Reserve Sale Schedule (3 of 3)

#	Activities	Reserve Sale Time Period	Time – Pacific Time (PT) / Eastern Time (ET)
6	Reserve Sale Summary Results Report released	3 business days after reserve sale	12:00 (Noon) PM PT / 3:00 PM ET
7	Reserve Sale Results available to qualified bidders	3 business days after reserve sale	12:00 (Noon) PM PT / 3:00 PM ET
8	Financial settlement in cash due to Financial Services Administrator	7 days after notification of the availability of the financial settlement invoice	No later than 3:00 PM PT / 6:00 PM ET
9	Transfer of Reserve allowances into CITSS Compliance Accounts	8 business days after financial settlement is due	
10	Earliest date for bid guarantee expiration	26 days after reserve sale	



# Reserve Sale Notice (1 of 2)

- Reserve Sale Notices are posted to the CARB Reserve Sale Information webpage 30 days prior to each reserve sale offered.
  - Reserve Sale Notices provide information about eligibility, reserve sale format, and allowances to be sold.
- Two supporting documents are posted to the CARB Reserve Sale Information webpage annually.
  - The [Detailed Reserve Sale Requirements and Instructions](#) document provides detailed requirements and instructions for participating in a reserve sale.
  - The [Reserve Sale Examples](#) document provides information and examples of how to determine a bid guarantee amount, bid evaluation procedures for holding limits and bid guarantees, and examples of reserve sale bid fulfillment and purchase determinations.

## Reserve Sale Notice (2 of 2)

- The total number of Reserve allowances that will be available for sale in each tier and the tier prices are provided in the Reserve Sale Notice posted prior to each event.
- 2024 Reserve Sale Tier Prices:
  - Tier 1: USD \$56.20
  - Tier 2: USD \$72.21

# Reserve Sale Eligibility

- California covered entities and opt-in covered entities with approved Compliance Instrument Tracking System Service (CITSS) accounts are eligible to participate in reserve sales.
- Voluntarily associated entities and individuals are not eligible to participate in reserve sales.
- Approved offset project registries, verification bodies, and offset verifiers are not eligible to participate in reserve sales.

# Reserve Sale Participant Training Agenda

## ❖ Section II: Reserve Sale Application Process

- Reserve Sale Application Process
  - **Step 1:** Submit a Reserve Sale Application
  - **Step 2:** Submit a Bid Guarantee
  - **Step 3:** Receive Notice of Approval to Participate in the Reserve Sale

# Reserve Sale Application (1 of 2)

## Compliance Instrument Tracking System Service (CITSS)

- An entity must have an approved account in CITSS before applying to participate in a reserve sale.
- Individuals must be approved as either the Primary Account Representative (PAR) or an Alternate Account Representative (AAR) on the entity's CITSS account in order to take actions in CITSS on behalf of the entity, such as:
  - Submitting a reserve sale application,
  - Editing or cancel a reserve sale application,
  - Downloading Financial Services Delivery Instructions.
- Access to the Auction Platform is not required to submit a reserve sale application.
- Access to the Auction Platform is discussed later in this presentation.

## Reserve Sale Application (2 of 2)

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

# Reserve Sale Application Process (1 of 31)

## Step 1: Complete and Submit a Reserve Sale Application

- Select the “Initiate Event Participation” button on the entity’s Auction tab in CITSS to start the reserve sale application process.
- A reserve sale application must be submitted in CITSS by the PAR or an AAR by no later than the date and time the reserve sale application period closes as provided in the Reserve Sale Notice.

# Reserve Sale Application Process (2 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

**Company+B**

This page shows information for your account or set of accounts. You may propose changes to the information listed under the General and Contact Information pages by selecting Edit Information at the bottom of the pages. You can remove or propose changes to Representatives, and Account Viewing Agents under their respective tabs. You can indicate your interest in participating in the next scheduled auction under the Auction Tab.

**General Account** **Compliance Account**

**General** **Contact Information** **Representatives** **Account Viewing Agents** **Holding Limits** **Auction** **Facilities**

### Auction and Reserve Sale Information

By selecting the "Auction and Reserve Sale Information" box below, you are agreeing to have your entity name, entity contact information, account numbers, representative names, representative phone numbers, and representative email addresses transferred to the Auction and Reserve Sale Administrator and Financial Services Administrator for the purpose of facilitating your entity's participation in any upcoming auction or reserve sale. You may disable the "Auction and Reserve Sale Information" option if you wish to stop sharing your entity's information with the Auction and Reserve Sale Administrator and Financial Services Administrator. Information will continue to be shared with the Auction and Reserve Sale Administrator and Financial Services Administrator if an application to participate in an auction or reserve sale is submitted.

NOTE: Only covered and opt-in entities are eligible to participate in reserve sales.

**Auction and Reserve Sale Information** ☒

**Updated By** B Smith

**Last Updated** 2016-10-27 20:36:43 EDT

**Submit**

### Initiate Event Participation

The "Initiate Event Participation" button displays if there is an upcoming event that is open for applications. The "View Event Applications" button shows if the entity has submitted any applications for past or current events.

To participate in an event, select the "Initiate Event Participation" button to prepare new application information or resubmit application information as confirmation of intent to bid for an upcoming event. Select the "View Event Applications" button to view applications for past and upcoming events or to edit existing application information for an upcoming event.

**Initiate Event Participation** **View Event Applications**



# Reserve Sale Application Process (3 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

- 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

# Reserve Sale Application Process (4 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

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

### Create Event Application/Confirm Existing Data for Event

This page allows a representative to submit new application information or resubmit application information as confirmation of intent to bid for an upcoming event. Required fields are indicated by asterisks. Fields will be prepopulated with information from the most recently approved application. A representative may select one or a combination of forms of bid guarantee. If cash bid guarantee is selected, the representative must complete the “Bid Guarantee Return Instructions - Cash Bid Guarantee” pane. If a physical bid guarantee (any form other than cash) is selected, the representative must complete the “Bid Guarantee Return Instructions - Physical Bid Guarantee” pane.

[Bid Guarantee](#) [Attestation](#) [Submit](#)

#### Event Application Information

CITSS Entity ID	CA990
Legal Name	Austin Corp.
Operating Name	Texas Account
Event	* -- Select -- ▼

# Reserve Sale Application Process (5 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

- Provide bid guarantee information including form(s) of bid guarantee, currency, and return instructions
  - **Currency:** Only USD is available from the “Currency” drop down menu.

### Forms of Bid Guarantee

Currency \* USD ▼

Please select one or more forms of bid guarantee

Cash ☒

Letter of Credit ☒

Bond ☐

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# Reserve Sale Application Process (6 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

- 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.
  - Entities must submit bid guarantees 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 bid guarantee must be in a form that may be accepted by the financial services administrator consistent with U.S. banking laws and bank practices.

Please select one or more forms of bid guarantee:

Cash	<input checked="" type="checkbox"/>
Letter of Credit	<input checked="" type="checkbox"/>
Bond	<input type="checkbox"/>
<a href="#">Back To Top</a>	

**Note:** Bid guarantee information may be pre-populated for applicants that were approved to participate in a previous event.

# Reserve Sale Application Process (7 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

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

**Bid Guarantee Return Instructions - Cash Bid Guarantee**

If cash is selected as a form of bid guarantee, instructions must be provided for return of funds via wire transfer. Cash bid guarantee return instructions require, at a minimum, the following fields: Beneficiary Bank Name, Beneficiary Bank Routing Number or SWIFT/Bank Identifier Code (BIC), Beneficiary Account Name, Beneficiary Bank Account Number (entered twice for confirmation), and the last four characters of the Beneficiary Bank Account Number. Once the application is submitted, only the last four characters will be displayed for confirmation.

**Beneficiary Bank Information**

Beneficiary Bank Name	*	<input type="text"/>	
Beneficiary Bank Routing Number (ABA Routing Number or Canadian Routing Number)		<input type="text"/>	?
Beneficiary Bank SWIFT/Bank Identifier Code (BIC)		<input type="text"/>	?
Beneficiary Account Name	*	<input type="text"/>	?
Beneficiary Account Number	*	<input type="text"/>	?
Re-enter Beneficiary Account Number	*	<input type="text"/>	?
Last four characters of the Beneficiary Account Number	*	<input type="text"/>	
Payment Detail		<input type="text"/>	
Beneficiary Bank City		<input type="text"/>	
Beneficiary Bank State/Province		-- Select --	▼

# Reserve Sale Application Process (8 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

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

### Intermediary Bank Information

If return of funds to the entity requires an Intermediary Bank, then additional information specific to the Intermediary Bank is required, including Intermediary Bank Name and Intermediary Bank Routing Number or Intermediary Bank SWIFT/BIC.

Intermediary Bank Name

Intermediary Bank Routing  
Number (ABA Routing Number  
or Canadian Routing Number)

?

Intermediary Bank SWIFT/Bank  
Identifier Code (BIC)

?

### Financial Contact Information

Name

Company

Title

Telephone

Email

# Reserve Sale Application Process (9 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

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

**Bid Guarantee Return Instructions - Physical Bid Guarantee**

If a physical form of bid guarantee is selected, instructions must be provided for the return of bid guarantee. To provide physical bid guarantee return instructions, all fields must be completed. The mailing address must not be a Post Office (PO) Box address. The return of a physical bid guarantee requires a signature for security and confirmation of receipt.

Name of a contact individual	*	<input type="text"/>
Physical Return Address (PO Box not allowed)	*	<input type="text"/>
Return City	*	<input type="text"/>
Return Postal Code	*	<input type="text"/>
Return State/Province	*	<input type="text" value="-- Select --"/>
Return Country	*	<input type="text" value="-- Select --"/>
Return Contact Phone Number	*	<input type="text"/>

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**Note:** As return delivery for physical bid guarantee instruments requires a signature to ensure security and confirmation of receipt, a Post Office (P.O.) Box cannot be entered for the return address.

# Reserve Sale Application Process (10 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

- Complete the attestation
  - The attestation requirement does not apply to reserve sales, but an entity must provide a response in this step to continue the application process. Representatives should select “No” to respond to the attestation step in CITSS.

### Attestation

Section 95912(d)(4)(E) of the California Cap-and-Trade Regulation requires entities to submit an attestation disclosing the existence and status of any ongoing investigation or an investigation that has occurred within the last ten years with respect to any alleged violation of any rule, regulation, or law associated with any commodity, securities, environmental, or financial market for the entity participating in the auction, and all other entities with whom the entity has a corporate association, direct corporate association, or indirect corporate association pursuant to section 95833 that participate in a carbon, fuel, or electricity market. The attestation must be updated to reflect any change in the status of an investigation that has occurred since the most recent auction application attestation was submitted.

Selecting "Yes" to this Attestation Response indicates that the representative understands the requirements of section 95912(d)(4)(E) and attests that the entity will have submitted and/or updated the required attestation to ARB by the deadline to apply to participate in this auction. An Auction Application Attestation Disclosure Form is available on the ARB Auction Information webpage at <https://www.arb.ca.gov/auction>.

Selecting "No" to this Attestation Response indicates that the representative understands the requirements of section 95912(d)(4)(E) and attests that the entity has no updates to the disclosures since the most recent auction application attestation was submitted.

The Attestation requirement does not apply to reserve sales. Select "No" if submitting an application or confirmation of intent to bid to a reserve sale.

Attestation Response



-- Select -- ▼

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# Reserve Sale Application Process (11 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

- Confirm and submit reserve sale application
  - To submit the reserve sale 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 reserve sale.

**Confirm and Submit**

Selecting the "Confirm" button submits event application information for the selected event. 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 event.

Password ★

# Reserve Sale Application Process (12 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

- Confirm and submit the reserve sale 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.
    - Upon successful submission of a reserve sale application, the PAR and all AARs will receive an email from CITSS with the subject line “CITSS Event Application Update.”
    - Successfully submitted reserve sale applications will also appear in the Event Applications Page in CITSS with a status of “Applicant.”

### Event Applications



Event participation successfully created.

# Reserve Sale Application Process (13 of 31)

## Step 1: Complete and Submit a Reserve Sale Application (cont'd)

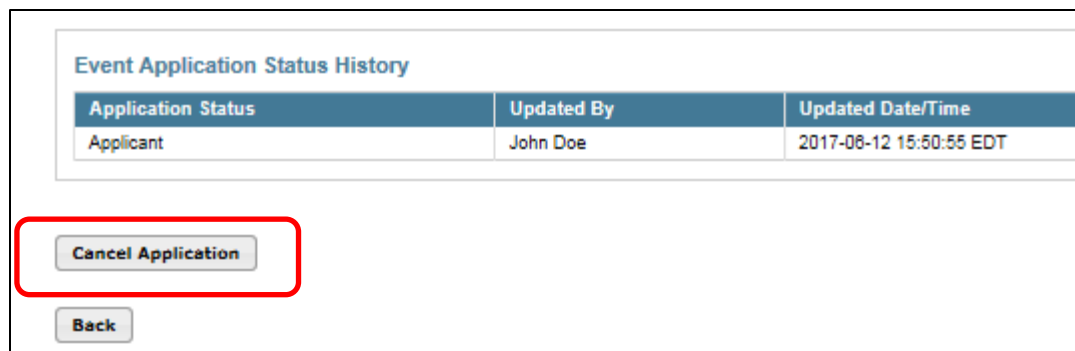
- Confirm and submit the reserve sale application
  - A reserve sale application must be submitted in CITSS no later than the deadline as provided in the Reserve Sale Notice.
  - The PAR or an AAR may make changes to previously submitted reserve sale application information up until the submission deadline.
    - To view and edit a previously submitted reserve sale application, select the “Applicant” status listed under the Application Status column.

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Upcoming Auction 1	2017-08-15	CA990	Austin Corp.	<a href="#">Qualified Bidder</a>	2017-05-08 01:18:53 EDT
Reserve Sale	Upcoming Reserve Sale 1	2017-10-20	CA990	Austin Corp.	<a href="#">Applicant</a>	2017-05-08 01:50:21 EDT
						<a href="#">CSV</a> <a href="#">Excel</a> 2 records

# Reserve Sale Application Process (14 of 31)

## Step 1: Changes to Reserve Sale Application Information

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

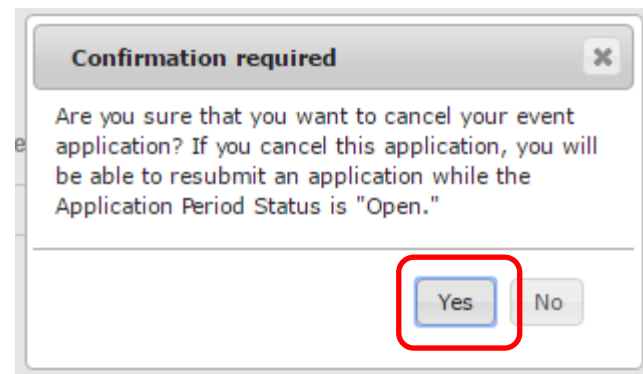


Event Application Status History

Application Status	Updated By	Updated Date/Time
Applicant	John Doe	2017-06-12 15:50:55 EDT

**Cancel Application**

**Back**



**Confirmation required**

Are you sure that you want to cancel your event application? If you cancel this application, you will be able to resubmit an application while the Application Period Status is "Open."

**Yes** **No**

# Reserve Sale Application Process (15 of 31)

## Step 2: Submit a Bid Guarantee

- After submitting a reserve sale application, applicants must submit a bid guarantee by the deadline date and time provided in the Reserve Sale 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, and
  - Submit a bid guarantee to the Financial Services Administrator.
- The Financial Services Administrator receives and maintains all bid guarantees submitted as financial assurance.

# Reserve Sale Application Process (16 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- PAR and AAR(s) receive notice that a Financial Services Account has been established or verified
  - Once a reserve sale application has been submitted, the Financial Services Administrator will complete the process to establish (for first time applicants) or verify (for previous applicants) the 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.

# Reserve Sale Application Process (17 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
  - 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."
    - An applicant's CITSS account representative can log in to CITSS to download the Financial Services Delivery Instructions upon receiving this email.

# Reserve Sale Application Process (18 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
  - The Financial Services Delivery Instructions include all the information needed to submit a cash bid guarantee or physical bid guarantee instrument, 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.
  - Additional details on submitting a bid guarantee are provided in the Detailed Reserve Sale Requirements and Instructions document.



# Reserve Sale Application Process (19 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
  - To download the Financial Services Delivery Instructions from CITSS, navigate to the “Event Applications” page from the “Representative Reports” page.

**Representative Reports**

This page allows a user to view or download Representative Reports. Representative Reports provide information to support user management of CITSS accounts. Most Representative Reports are configurable, allowing users to select criteria for custom reports. The Transfer History lists compliance instrument transfers. The Transfer Event Audit Report lists more detailed information about each transfer. The Entity Account Balance Report lists account balances. The Entity Monthly Statement provides a statement of account balances and transfers. The Emissions Report presents facility emissions. The True-Up Quantity Report lists the true-up quantity assigned by year. The Compliance Obligations Report allows access to detailed information and status for current or past compliance obligations. The Compliance Obligation (Data Export) Report presents approved compliance obligations. The Eligible Instruments for Retirement Report provides a list of compliance instruments that can be used during a selected obligation period. The Notifications Report provides information about current or past notifications. To prepare a Representative Report, select the “Continue” button in the Action column on the right. CITSS will open a report screen to select criteria for the selected report.

**Transfer and Balance Reports**

Report Name	Action
Transfer History	<a href="#">Continue</a>
Transfer Event Audit Report	<a href="#">Continue</a>
Entity Account Balance Report	<a href="#">Continue</a>
Entity Monthly Statement	<a href="#">Continue</a>

**Event Reports**

Report Name	Action
Event Applications	<a href="#">Continue</a>

# Reserve Sale Application Process (20 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
  - On the “Event Applications” page under the “Current” tab, navigate to the reserve sale application details by clicking on the Application Status.

The screenshot shows the CITSS Event Applications page. At the top, there are two tabs: 'Current' (highlighted with a red box) and 'Past'. Below the tabs are several search filters: Event Type (Auction, Reserve Sale), Event Name, Event Date From, Event Date To, CITSS Entity ID, Entity Legal Name, Application Status (Applicant, Qualified Applicant, Qualified Bidder), and Results per page (10). There are 'Search' and 'Clear' buttons. Below the filters is a table with the following data:

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Upcoming Auction 1	2017-08-15	CA990	Austin Corp.	<a href="#">Qualified Bidder</a>	2017-05-08 01:18:53 EDT
Reserve Sale	Upcoming Reserve Sale 1	2017-10-20	CA990	Austin Corp.	<a href="#">Applicant</a> (highlighted with a red box)	2017-05-08 01:50:21 EDT

At the bottom right of the table, there are links for 'CSV', 'Excel', and '2 records'.

# Reserve Sale Application Process (21 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
  - Select the “Generate Financial Services Instructions” button on the “Event Application Detail” page.

### Event Application Detail

Edit Application

This page allows a representative to view the Financial Services Instructions by selecting the “Generate Financial Services Instructions” button.

This page also allows a representative to view and edit the application details submitted for an event. A representative can edit submitted application information during the application period by selecting the “Edit Application” button; cancel an application before the application is approved or rejected by selecting the “Cancel Application” button at the bottom of the page; or resubmit a cancelled application by selecting the “Resubmit Application” button which will appear at the bottom of the page during the application period if an application has been cancelled.

After an application period has closed, an “Edit Bid Guarantee Return” option becomes available at the top of the page. A representative can edit bid guarantee return instructions between the close of the application period and completion of the event by selecting the “Edit Bid Guarantee Return” button.

Generate Financial Services Instructions

#### Event Application Information

# Reserve Sale Application Process (22 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
  - Financial Services Delivery Instructions Page Example

Auction and Reserve Sale Financial Services Delivery Instructions		Instructions for Bid Guarantee Instrument	
<p>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.</p>		<p>Beneficiary Deutsche Bank National Trust Company, DBTCA for DBNTC as FSA for WCI, Inc</p>	
<p><b>Bid Guarantee</b></p> <p>Financial Services Account Name Company-A</p> <p>Financial Services Account Number</p> <p>Total Bid Guarantee</p> <p>Currency USD</p>		<p><b>Mailing Address</b></p> <p>Name Auction and Reserve Sale Financial Services Administrator</p> <p>C/O DBTCA; Attn: Jibril Sembene</p> <p>Address 1 1 Columbus Circle 17th Floor</p> <p>Address 2 Mail Stop: NYC01-1710</p> <p>City New York</p> <p>State/Province New York</p> <p>Postal Code 10019</p>	
<p><b>Instructions for Wiring USD</b></p> <p>Bank Name Deutsche Bank Trust Company Americas</p> <p>Routing Number 021001033 - New York NY</p> <p>SWIFT/Bank Identifier Code (for financial institutions outside US) BKTRUS33</p> <p>City 4 Albany Street, 5th Floor, New York, NY 10006, USA</p> <p>State/Province New York</p> <p>DDA Number 01419647</p> <p>Beneficiary Trust And Agency Services</p> <p>Payment Details WCI Auction</p> <p>Port</p>		<p><b>Directions</b></p> <p>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.</p> <p>Instructions for Electronic Delivery (Email)</p> <p>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.</p> <p>"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."</p>	

**Note:** The Financial Services Account Number and Port fields are blank in this example. These fields are blank until a Financial Services Account number is uploaded into CITSS.

# Reserve Sale Application Process (23 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- Submit a bid guarantee to the 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 reserve sale.
    - 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.
    - Each entity submits a single bid guarantee to cover bids in all reserve sale tiers.
  - Examples of how to determine a bid guarantee amount are provided in the Reserve Sale Examples document.

# Reserve Sale Application Process (24 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

### 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 identified in the Reserve Sale Notice.
- 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 (either located in the U.S. or international) and the currency in which the applicant is participating.
- Additional details are provided in the Detailed Reserve Sale Requirements and Instructions document.

# Reserve Sale Application Process (25 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

### Submitting Physical Bid Guarantee Instruments

- Physical 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 identified in the Reserve Sale Notice.
- Required terms of physical bid guarantee instruments are provided in the Detailed Reserve Sale Requirements and Instructions document.
- Applicants may submit the following forms of physical bid guarantee instruments:
  - An irrevocable letter of credit (LOC), and
  - A bond.
- All forms of bid guarantee must be in a form that may be accepted by the Financial Services Administrator consistent with U.S. banking laws and bank practices.

# Reserve Sale Application Process (26 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

### Submitting Physical Bid Guarantee Instruments (cont'd)

- If submitting a physical bid guarantee instrument, applicants are encouraged to submit a sample physical bid guarantee to the Financial Services Administrator in advance of the deadline to allow time for review by and revision of bid guarantees if necessary.
- Complete and proper addressing is critical to ensure receipt of all physical bid guarantee instruments by the deadline date and time.



# Reserve Sale Application Process (27 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

### Bid Guarantee Revisions

- The Financial Services Administrator will evaluate the bid guarantee submitted and identify any amendments to bid guarantees that are needed 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 needs to revise a submitted bid guarantee, they should contact the Financial Services Administrator.

# Reserve Sale Application Process (28 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- In summary, bid guarantees must be received by the Financial Services Administrator in final form by the bid guarantee submittal deadline date and time identified in the Reserve Sale Notice.
- An applicant is responsible for ensuring proper addressing of a physical bid guarantee and complete wiring instructions for a cash wire transfer.
- Emailed, scanned, and PDF versions of a physical bid guarantee or a bid guarantee amendment will not be accepted.
- Applicants should confirm receipt of bid guarantees in CITSS or with the Financial Services Administrator.

# Reserve Sale Application Process (29 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- 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 reserve sale 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.
- If a final bid guarantee is not received by the Financial Services Administrator by the deadline, the reserve sale application will not be approved.

# Reserve Sale Application Process (30 of 31)

## Step 2: Submit a Bid Guarantee (cont'd)

- “Qualified Applicant” Application Status in CITSS

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Reserve Sale	Reserve Sale Example	2021-07-30	CA2909	Company+A	Qualified Applicant	2021-07-22 21:24:28 EDT

- Bidding Limitation Data with Bid Guarantee Amount on Event Application Detail Page

### Bidding Limitation Data

Cash Bid Guarantee Value \$10,000,000.00

Physical Bid Guarantee Value

Total Bid Guarantee \$10,000,000.00

# Reserve Sale Application Process (31 of 31)

## Step 3: Receive Notice of Approval to Participate in the Reserve Sale

- CARB will approve or reject applications for reserve sale participation on the date shown in the Reserve Sale 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
Reserve Sale	Reserve Sale Example	2021-07-30	CA2909	Company+A	<u>Qualified Bidder</u>	2021-07-22 21:28:33 EDT

# Reserve Sale Participant Training Agenda

## ❖ Section III: Reserve Sale Participation & Bidding

- Access to the Auction Platform
- Bidding in the Reserve Sale
  - 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
  - Holding Limits
  - Holding Limits: Limited Exemptions
  - Management of Holding Limits

# Access to the Auction Platform (1 of 4)

- The Auction Platform allows qualified bidder account representatives (PAR and AARs) to download required templates, submit bids, review results, and download reports for a reserve sale.
- The PAR and AARs authorized to act on a qualified bidder's behalf must have an active Auction Platform account.
  - If an account representative previously activated an Auction Platform account, the previously established username and password can be used for account access.
  - Active PARs and AARs of entities in CITSS that have been qualified bidders to a past auction or reserve sale or that have submitted an application to an upcoming auction or reserve sale are eligible to maintain or establish Auction Platform accounts.
- CITSS account information is transferred daily from CITSS to the Auction Administrator.

## Access to the Auction Platform (2 of 4)

- 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.
  - 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 a link inviting the user to establish account credentials (password and security questions) for an Auction Platform account.
  - The activation email will be sent to the account representative's current email address in CITSS.
  - The current email address in CITSS will be the account representative's username 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 [cacitsshelpdesk@arb.ca.gov](mailto:cacitsshelpdesk@arb.ca.gov).



## Access to the Auction Platform (3 of 4)

- The Auction Platform provides multiple security features to protect user accounts:
  - Password and security questions,
  - Password expiration every 90 days,
  - CAPTCHA feature to protect against automated access attempts, and
  - Session code to identify devices used by the account holder.
- 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 (4 of 4)

- 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 an applicant or have been qualified bidders in past events, the “Select an Account” pop up will display.
- Select a Participant Account in the pop up to indicate the entity to represent.
- To represent a different entity, log out of the Auction Platform and then log in again and select the desired Participant Account.

You have access to 3 accounts

Select an account from the list.

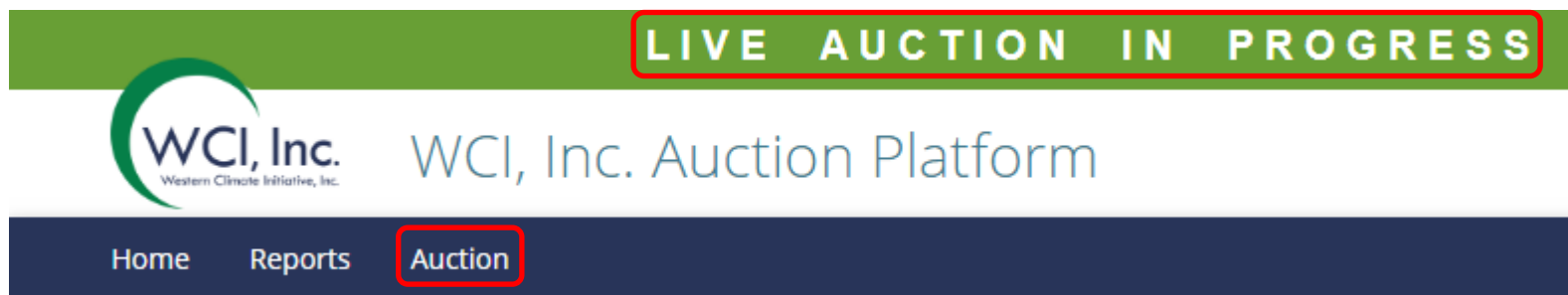
☐ Company+A (CA2909-3386)

☐ Organization+A (CA3618-4576)

☐ Utility+A (CA2935-3438)


## Bidding in the Reserve Sale (1 of 8)

- The bidding window can be accessed by clicking on the Auction Tab on the top banner of the Auction Platform.
- Qualified bidders to a Reserve Sale will be able to see whether the reserve sale 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 option auction bidding window.
- While the reserve sale bidding window is open, qualified bidders may submit bids for the reserve sale.



# Bidding in the Reserve Sale (2 of 8)

## Reserve Sale Bidding Page


WCI, Inc. Auction Platform
Welcome, A ▼

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FAQs & Resources

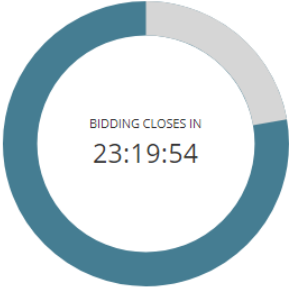
Welcome to the Allowance Auction and Reserve Sale Platform

ACCOUNT REPRESENTATIVE CALIFORNIA Company+A (CA2909-3386) ▼

CA Reserve Sale SS1

BID GUARANTEE AMOUNT  
USD 10,000,000

HOLDING LIMIT  
0



	Tier Price	Total Allowances Available	Total Allowances Bid	Total Bids Submitted
Tier One	USD \$56.20	66,811,000	30,000	1
Tier Two	USD \$72.71	89,537,000	20,000	1

Submitted Bids

Enter Transaction ID to search bids

ADD BID VIEW AUDIT REPORT

0 of 2 Bids Selected

<< < 1 /1 > >>

#	ACCOUNT REPRESENTATIVE	TIME (ET)	CLIENT BID ID	TRANSACTION ID	BID LOTS	TIER	CURRENCY	TIER PRICE	TOTAL ALLOWANCES		
1	A Jones	00:39:10	dpLuR5tO	00563151	20	Tier Two	USD	72.21	20,000		
2	A Jones	00:37:48	1Yliw77R	00654324	30	Tier One	USD	56.20	30,000		

<< < 1 /1 > >>

## Bidding in the Reserve Sale (3 of 8)

- 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:
  - **Tier:** Bids must be submitted in **one of two tiers**.
    - Each tier has a predetermined tier price, as provided in the Reserve Sale Notice.
  - Number of **Bid Lots:** 1 bid lot = **1,000** allowances.

# Bidding in the Reserve Sale (4 of 8)

## 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 Tier and Bid Lots. Once complete, click “Submit” button.

Submitted Bids

[How to Bid](#)

Enter Transaction ID to search bids

0 of 0 Bids Selected

#	ACCOUNT REPRESENTATIVE	TIME (ET)	CLIENT BID ID	TRANSACTION ID	BID LOTS	TIER	CURRENCY	TIER PRICE	TOTAL ALLOWANCES
<input type="checkbox"/>	A Jones				30	Tier One	USD		



- Review the bid and select the “Confirm” button to submit the bid.

#	ACCOUNT REPRESENTATIVE	TIME (ET)	CLIENT BID ID	TRANSACTION ID	BID LOTS	TIER	CURRENCY	TIER PRICE	TOTAL ALLOWANCES
<input type="checkbox"/>	A Jones				30	Tier One	USD	56.20	30,000





- 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 Reserve Sale (5 of 8)

## Editing or Deleting Bids

- During the bidding window a bid may be edited or deleted.
  - To edit, select  and make required changes. Changes are confirmed by selecting “Submit,” similar to the process to initially enter the bid.
  - To delete, select the  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.

2 of 2 Bids Selected Delete Selected Bids ⚙️

<input checked="" type="checkbox"/>	#	ACCOUNT REPRESENTATIVE	TIME (ET)	CLIENT BID ID	TRANSACTION ID	BID LOTS	TIER	CURRENCY	TIER PRICE	TOTAL ALLOWANCES	
<input checked="" type="checkbox"/>	1	A Jones	11:38:05	haPkl0G5	00267868	15	Tier Two	USD	72.21	15,000	<div> </div>
<input checked="" type="checkbox"/>	2	A Jones	11:31:30	5691Rcze	00432931	20	Tier One	USD	56.20	20,000	<div> </div>

« < 1 /1 > »

# Bidding in the Reserve Sale (6 of 8)

## Editing or Deleting Bids (cont'd)

- 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 “Search” button.
  - Select the “Select All” button to select the displayed bids.
  - Select the “Delete” button to delete all selected bids.

Submitted Bids How to Bid

✖ 🔍

➕ ADD BID
VIEW AUDIT REPORT

2 of 2 Bids Selected Delete Selected Bids « < 1 / 1 > »

<input checked="" type="checkbox"/>	#	ACCOUNT REPRESENTATIVE	TIME (ET)	CLIENT BID ID	TRANSACTION ID	BID LOTS	TIER	CURRENCY	TIER PRICE	TOTAL ALLOWANCES		
<input checked="" type="checkbox"/>	1	A Jones	11:38:05	haPkI0G5	00267868	15	Tier Two	USD	72.21	15,000	<a href="#">🔗</a>	<a href="#">🗑️</a>
<input checked="" type="checkbox"/>	2	A Jones	11:31:30	5691Rcze	00432931	20	Tier One	USD	56.20	20,000	<a href="#">🔗</a>	<a href="#">🗑️</a>

« < 1 / 1 > »

- If the transaction includes more bids than are displayed on the page, use the pagination options at the bottom of the Auction Page to display more bids.




# Bidding in the Reserve Sale (7 of 8)

## 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 were submitted, edited, and/or deleted.

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### Reports

[▶ Search Reports](#)

▼ CA Reserve Sale S51 - [20 Jul 2021]

REPORT NAME	SHORT DESCRIPTION	JURISDICTION	GENERATED ON
Client Bids Audit Report	This report contains an audit record of all bids that have been submitted, edited, and deleted by your entity's account representatives. It is available during and after the bidding window to all the account representatives of the entity.	California	

# Bidding in the Reserve Sale (8 of 8)

## Confirming Bid Transactions: Client Bids Audit Report (cont'd)

- This example Client Bids Audit Report is based on a bid upload of two bids followed by deletion of those bids.

Report Date & Time	1/10/2024 15:04								
Event Name	CA Reserve Sale SS1								
Event Date	1/8/2024								
Entity Legal Name	Company+A								
Entity Operating Name	Company+A								
Total Bids Submitted	2								
Client Bid ID	Transaction ID	Update Type	Update By	Update Time (ET)	Bid Creation Time (ET)	Tier	Tier Price	Bid Lots	Allowances Bid
1Yliw77R	00654324	Add	Ajones@dev	00:37:48	00:37:48	Tier One	56.20	30	30,000
dpLuR5tO	00563151	Add	Ajones@dev	00:39:10	00:39:10	Tier Two	72.21	20	20,000
dpLuR5tO	00316798	Delete	Ajones@dev	00:42:42	00:39:10	Tier Two	72.21	20	20,000
1Yliw77R	00799014	Delete	Ajones@dev	00:42:51	00:37:48	Tier One	56.20	30	30,000
5691Rcze	00432931	Add	Ajones@dev	11:31:30	11:31:30	Tier One	56.20	20	20,000
haPkI0G5	00267868	Add	Ajones@dev	11:38:05	11:38:05	Tier Two	72.21	15	15,000

## Bidding Limitations (1 of 5)

- Reserve sale bids are rejected in bundles of 1,000 allowances if bids:
  - Exceed the entity's current vintage holding limit, or
  - Exceed the value of the bid guarantee.
- Rejected bid quantities are not considered when making purchase determinations for a reserve sale.
- Examples of how bidding limits are applied are provided in the Reserve Sale Examples document.

# Bidding Limitations (2 of 5)

## Bid Guarantee

- The bid guarantee submitted must be greater than or equal to the maximum value of the bids submitted.
- The value of a set of bids equals the quantity of bid allowances in each tier times the tier price.
- Examples of how the bid guarantee limitation is applied are provided in the Reserve Sale Examples document.
- Submitted bids that contain bid quantities with a value in excess of the bid guarantee will be rejected, in bundles of 1,000 allowances, until the limit is met.
  - Only that portion of the bid quantity that exceeds the limit will be rejected, not the entire bid quantity.
- Participants submit a single bid guarantee for bids in all tiers.

# Bidding Limitations (3 of 5)

## Holding Limits

- The holding limit is the maximum number of 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 a Limited Use Holding Account or an Annual Allocation Holding Account.
- Allowances purchased in a reserve sale are subject to the current vintage holding limit detailed in section 95920(c)(1) of the Regulation.
  - The current vintage holding limit applies to allowances from the current calendar year, previous calendar years, and allowances purchased from reserve sales.
  - The 2024 Current Vintage Holding Limit is 10,181,250 allowances.

# Bidding Limitations (4 of 5)

## Holding Limit with Limited Exemption

- A covered entity may exempt a limited number of current or prior vintage allowances from the current vintage holding limit calculation by transferring them into its Compliance Account.
- The Limited Exemption is updated each year to reflect verified covered emissions that result in an obligation due. At the start of a new compliance period, the Limited Exemption is a smaller value, representing the two most recent emissions years' reports. It increases over the compliance period as additional emissions obligations are due for surrender.
- An entity can hold more allowances in its Compliance Account than allowed under the limited exemption, but any current or prior vintage allowances in excess of the limited exemption are not exempted from the entity's current vintage holding limit.
- Examples of how the limited exemption is applied are provided in the Reserve Sale Examples document.

# Bidding Limitations (5 of 5)

## Management of Holding Limits

- CARB will provide the Auction Administrator the total number of allowances that may be successfully bid without exceeding the holding limit for each reserve sale participant.
  - Data is transferred to the Auction Administrator the day prior to a reserve sale based on balances in CITSS accounts at approximately 9:00 AM PT / 12:00 PM (Noon) ET the day prior to the reserve sale.
  - The holding limit cap transmitted to the Auction Administrator is used solely for the purpose of administration of the holding limit bid limitation in the reserve sale and will reflect the account balances in CITSS the day before the reserve sale.
  - CITSS account holders are responsible for ensuring that there will be no holding limit violation once allowances are transferred into CITSS accounts after financial settlement of a reserve sale is complete.

# Reserve Sale Participant Training Agenda

## ❖ Section IV: Reserve Sale Results & Financial Settlement

- Bid Fulfillment and Purchase Determinations
- Reserve Sale Conduct
- Market Monitoring
- Reserve Sale Results
  - Summary Results Report
  - Availability of Qualified Bidder Results
  - Financial Statement and Client Bids Report
- Financial Settlement
  - Payment Requirements
  - Bid Guarantee Return
- Contact Information



# Bid Fulfillment and Purchase Determinations (1 of 3)

- Sales from each tier are conducted in succession, beginning with tier 1 and then proceeding to tier 2.
- There are three potential outcomes for sales within each tier:
  - The quantity of qualified bids exactly corresponds to the quantity of allowances available in a given tier. In this case, all bids are filled, and no allowances remain in the tier.
  - The quantity of qualified bids exceeds the quantity of allowances in a given tier. In this case, a tiebreaker process is applied to determine allowance sales based on each bidder's proportion of all qualified bids in the given tier.
  - The quantity of qualified bids is fewer than the number of allowances in a given tier. In this case, all bids are filled, and some allowances remain in the tier.

## Bid Fulfillment and Purchase Determinations (2 of 3)

### Bid Fulfillment and Purchase Determinations with a Tie Breaker

- If qualified bids in tier 1 exceed the quantity of allowances in that tier:
  - Each participant is awarded allowances based on its share of qualified bids multiplied by the number of allowances available for sale in the tier and rounded down to the nearest whole allowance.
  - If residual allowances remain after the first step, each participant is assigned a random number, and the remaining allowances are sequentially awarded to participants starting at the lowest random number and proceeding in increasing order until all allowances in the tier are exhausted.
- Further descriptions of the tiebreaker process are provided in the Reserve Sale Examples document.

# Bid Fulfillment and Purchase Determinations (3 of 3)

## Bid Fulfillment and Purchase Determinations with a Roll Down

- If allowances remain in the tier 1 after all qualified bids are filled, tier 1 is undersubscribed relative to qualified bids.
  - The Auction Administrator will sell the remaining allowances of the undersubscribed tier 1 by “rolling down” qualified bids from tier 2.
    - Evaluate all bids from tier 2 with respect to the remaining bid guarantee (at the tier 1 price) and holding limit of each qualified bidder.
    - Assign a random number to each bundle of 1,000 allowances in a qualified bid.
    - Remaining allowances in tier 1 will be sold to qualified bidders in tier 2, starting with the bundle assigned the lowest random number and proceeding in increasing order of random numbers until all the allowances in tier 1 are sold.
- Further descriptions of the roll down process are provided in the Reserve Sale Examples document.

## Reserve Sale Conduct (1 of 2)

- Pursuant to Section 95914(c) of the Regulation, no registered entity shall release any confidential information related to its reserve sale participation, including:
  - Intent to participate, or not participate, at reserve sale, reserve sale approval status, maintenance of continued reserve sale approval;
  - Bidding strategy;
  - Bid price or bid quantity information;
  - Information on the bid guarantee provided to the Financial Services Administrator.

## Reserve Sale Conduct (2 of 2)

- The Regulation requires that any entity participating in a reserve sale that has retained the services of a consultant or advisor regarding reserve sale bidding strategy must ensure against the consultant/advisor transferring information to other reserve sale participants or coordinating the bidding strategy among participants.
- The entity must inform the consultant/advisor of the prohibition against sharing information with other reserve sale participants and confirm the consultant or advisor has read and acknowledged the prohibition under penalty of perjury.
- All reserve sale applicants are required to inform CARB of the retention of a reserve sale advisor or consultant, as specified in the Detailed Reserve Sale Requirements and Instructions document.
- A consultant or advisor retained by an entity must provide CARB with information as specified in the Regulation and described in the Reserve Sale Notice at least fifteen (15) days prior to a reserve sale.

# Market Monitoring

- CARB staff and the Market Monitor actively monitor allowance auctions and reserve sales and provide ongoing monitoring of allowance holdings and market activity.
- The Market Monitor reviews bidding activity and works with CARB 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.
- CARB staff provide final auction and reserve sale monitoring results to the Executive Officer.

# Reserve Sale Results (1 of 5)

## Reserve Sale Summary Results Report

- If a reserve sale is held, the Reserve Sale Summary Results Report will be posted on the CARB website three (3) business days after the reserve sale is conducted.
  - The date of posting is provided in the Reserve Sale 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 CARB website providing the new time for the release of the reserve sale results.
- The Reserve Sale Summary Results Report provides general results and statistics of the reserve sale.

# Reserve Sale Results (2 of 5)

## Reserve Sale Summary Results Report

- The Reserve Sale Summary Results Report will include the following:
  - The names of the qualified bidders.
  - The reserve sale prices per tier and allowances available in each tier.
  - The total number of allowances sold from each tier.

**Note:** The total number of allowances sold will be provided only if the total represents purchases from a minimum of three (3) qualified bidders.



# Reserve Sale Results (3 of 5)

## Availability of Qualified Bidder Results


- Following the posting of the Reserve Sale Summary Results Report, CARB will certify the reserve sale in the Auction Platform.
  - Representatives of qualified bidders will receive email notification that qualified bidder's 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.
  - **Financial Statement:** This is the qualified bidder's financial settlement invoice.
    - Availability of the Financial Statement upon certification of the reserve sale represents the beginning of the seven (7) day period in which a reserve sale participant is required to complete payment to the Financial Services Administrator of the amount due for allowances purchased.

# Reserve Sale Results (4 of 5)

## Financial Settlement and Client Bids Report

- Following certification of a Reserve Sale, participants download their Financial Statement and Client Bids Report from the Reserve Sale Platform's Reports module.

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### Reports

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▼ CA Reserve Sale SS1 - [20 Jul 2021]

REPORT NAME	SHORT DESCRIPTION	JURISDICTION	GENERATED ON
Client Bids Audit Report	This report contains an audit record of all bids that have been submitted, edited, and deleted by your entity's account representatives. It is available during and after the bidding window to all the account representatives of the entity.	California	

# Reserve Sale Results (5 of 5)

## Financial Settlement and Client Bids Report (cont'd)

- The **Financial Statement** will include:
  - Reserve sale information
    - Tier prices
    - Number of successful bids by tier and successful bid allowances
    - Total bid cost (by tier and combined total)
  - 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 purchased.

# Financial Settlement (1 of 2)

## 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 physical bid guarantee instrument must submit cash by wire transfer as financial settlement for any amounts owed no later than 7 days after certification of an auction.
  - The payment deadline is listed in the Reserve Sale Notice.
- Bank/cashiers checks will not be accepted.
- The Financial Services Administrator (FSA) will draw on physical bid guarantees for qualified bidders that fail to submit payment for amounts owed by the deadline provided in the Reserve Sale Notice.

# Financial Settlement (2 of 2)

## Bid Guarantee Return

- For qualified bidders that submitted a cash bid guarantee, the FSA will return unused cash through wire transfer approximately three 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, following receipt of all amounts owed, the FSA will return physical bid guarantee instruments via FedEx or DHL delivery based on the return instructions specified during the 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.

# Contact Information

## Auction and Financial Services Administration

- **Auction and Reserve Sale Administrator:** WCI, Inc.
  - Email support: [support@wci-inc.org](mailto:support@wci-inc.org)
- **Financial Services Administrator:** Deutsche Bank National Trust Company
  - Email support: [db.wcisupport@db.com](mailto:db.wcisupport@db.com)
  - Call:
    - (212) 250-3018 from 8:00 AM to 5:00 PM ET, or
    - (714) 247-6167 from 8:00 AM to 5:00 PM PT

# Contact Information

## CITSS Registration and Accounts:

- Please contact Cap-and-Trade Program Staff:
  - Email: [CACITSSRegistrar@arb.ca.gov](mailto:CACITSSRegistrar@arb.ca.gov)
  - Call: (916) 324-7659

## California Cap-and-Trade Programs:

- Please contact the California Air Resources Board
  - Call: (916) 324-7659
  - [Cap-and-Trade Program](https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program) webpage: <https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program>
  - [Reserve Sale Information](https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program/cost-containment-information/reserve-sale-information) webpage: <https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program/cost-containment-information/reserve-sale-information>