

Western Climate Initiative, Inc.
Auction and Reserve Sale Administrator Services: Overview of Key Elements

***** DRAFT *****

December 16, 2014

DISCLAIMER: THIS DRAFT MATERIAL IS PROVIDED TO ASSIST POTENTIAL OFFERORS WITH UNDERSTANDING THE BASIC SERVICES NECESSARY FOR AUCTION AND RESERVE SALE ADMINISTRATOR SERVICES. WHILE IT IS IMPORTANT THAT THESE BASIC SERVICES BE PROVIDED, AN OFFEROR CAN PROPOSE ALTERNATIVE APPROACHES FOR PROVIDING THE NECESSARY SERVICES.

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Definitions

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| Administrative User | One of two categories of Users. An Administrative User can be a Jurisdiction User, Financial Services Administrator User, Market Monitor User, or Auction Administrator User. |
| Applicant | An Entity that has applied to participate in an auction or reserve sale. |
| Auction Administrator (AA) | The AA is the contracted service provider for Auction Services. |
| Auction Exchange Rate (FX Rate) | The currency exchange rate in effect the day of the auction and for financial settlement by auction participants. |
| Auction Reserve Price | The lowest price at which current and future vintage allowances offered in the auction will be sold. |
| Auction Services | Greenhouse gas allowance auction and reserve sales. |
| Bidding window | A three-hour time window during which a Qualified Bidder may submit, edit, and delete bids in Auction Services. |
| CITSS | Compliance Instrument Tracking System Service. CITSS is used to register Entities participating in the cap-and-trade programs. |
| Entity | An Entity is a person, firm, corporation, etc. that is registered in CITSS under the CA Cap-and-Trade Program or QC Cap-and-Trade System. Entity types include Covered Entities, Covered Sources, Opt-in Entities, General Market Participants – Individual, and General Market Participants – Organization. |
| Financial Services Administrator (FSA) | The FSA provides escrow and financial services, such as accepting financial assurance guarantees and processing payments for allowances won in auctions and reserve sales. |

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| Holding Limit (HL) | A maximum number of GHG allowances that can be held by an entity or group of related entities. For an auction or reserve sale, a number of GHG allowances that an auction participant can acquire before exceeding its holding limit. |
| Market Monitor (MM) | The MM provides independent market monitoring services, including monitoring of auctions and reserve sales. |
| Participant User | One of two categories of Users. A Participant User is a representative of an Entity. |
| Participating Jurisdictions | Members of WCI, Inc., currently British Columbia, California, and Québec. |
| Potential Applicant | An Entity that has an account in CITSS and requested that their account information be transmitted to the Auction Administrator. |
| Purchase Limit (PL) | A maximum number of GHG allowances that can be acquired based on the entity type. For an auction, a number of GHG allowances that an auction participant can acquire before exceeding its purchase limit. |
| Qualified Applicant | An Entity that has applied to participate in an auction or reserve sale and submitted a bid guarantee. |
| Qualified Bidder | An Entity that has applied to participate in an auction or reserve sale, submitted a bid guarantee, and participation has been approved. |
| Settlement Price | The price which all successful bidders will pay for allowances awarded at the conclusion of an auction. |
| User | An individual person with access to Auction Services. |
| WCI, Inc. | Western Climate Initiative, Incorporated. |

Introduction

Western Climate Initiative, Incorporated (WCI, Inc.) is a non-profit corporation formed to provide administrative and technical services to support the implementation of state and provincial greenhouse gas emissions trading programs. The Board of Directors for WCI, Inc. includes officials from the provinces of British Columbia (BC) and Québec (QC), and the State of California (CA), hereafter referred to as Participating Jurisdictions. One of the services provided by WCI, Inc. to Participating Jurisdictions is greenhouse gas allowance auction and reserve sale services (Auction Services).

This document provides an overview of the key elements for Auction Services. This overview reflects the basis for WCI, Inc.'s current Auction Services and is expected to be the basis for future Auction Services provided under a new contract to be competed and awarded in 2015. The overview does not include detailed technical and business requirements; these requirements will be provided with the release of the RFP. While service providers must meet the intent of these design elements and the technical and business requirements, the exact requirements or processes can be tailored to allow the intent to be met with alternative approaches.

WCI, Inc. envisions that service providers will likely undertake several tasks to provide Auction Services. The specific tasks will be fully itemized with the release of the RFP. General descriptions of tasks to be performed are provided below.

Task 1 – Develop Final Work Plan and Schedule. Develop a Final Work Plan to reflect final work schedule and task descriptions.

Task 2 – Design, Develop, and Document Auction Tools and Services. In collaboration with WCI, Inc. and jurisdiction staff, prepare design plans to guide the development of services required to administer auction and reserve sale events (events), which include administrative and Internet-based Auction Services elements.

Task 3 – Auction Services Testing and Troubleshooting. Conduct unit, integration, and functional testing, as well as final quality assurance and regression testing. Coordinate and participate in user acceptance testing (UAT) with WCI, Inc., jurisdiction staff, and other contractors providing related services.

Task 4 – Develop Processes and Procedures for Auction and Reserve Sale Services. Prepare Processes and Procedures Documents that describe the steps and requirements needed to conduct multi-jurisdiction (joint) and jurisdiction-specific auctions and jurisdiction-specific reserve sales, and provide auditing data for all services provided.

Task 5 – Auction and Reserve Sale Set Up, Operations, and Reports. Implement the approved processes and procedures and utilize the approved final auction tools and services to establish and maintain Participant and Administrative Auction Services User accounts, set up events, conduct operations, determine settlement price and allowance awards, and complete reporting for auction and reserve sale events.

Task 6 – Prepare a System Security Plan. Prepare a System Security Plan describing the security approach for all proposed services and ensure compliance with the security process, practices, and requirements meeting jurisdictions’ codes and laws.

Task 7 – Change Management Process. Develop a process to manage future changes made to established Auction Services requirements, processes, and procedures.

Task 8 – New Jurisdictions. Update the Auction Services, materials, and procedures to accommodate the addition of new jurisdictions.

Task 9 – Transition Out. Provide materials, documentation, and assistance to transition the Auction Services from the Contractor to a new service provider.

Auction Services must be designed to meet the regulatory requirements of the CA Cap-and-Trade Program and QC Cap-and-Trade System. They must also be capable of including additional jurisdictions over time. Auction Services must also provide for jurisdiction-specific auctions, joint CA-QC auctions, and reserve sales. (Reserve sales are always jurisdiction-specific.) The functionality for these events is very similar. Key distinctions among them are highlighted in this overview. A sale from an allowance reserve is referred to as a reserve sale in CA and is referred to as a sale by mutual agreement in QC; for simplicity, “reserve sale” is used to represent both.

Auction Services must distinguish between an Entity and a Participant User, who represents an Entity and accesses Auction Services. Entities are represented by multiple Participant Users and a Participant User may represent multiple Entities. Each Participant User requires a unique username and password to access their Auction Services accounts. Entity types include: 1) Covered Entity, Covered Source, or Opt-in Entity; 2) General Market Participant – Individual; and 3) General Market Participant – Organization. It should be noted that the following entity types defined by regulations are commonly referred to as General Market Participants: Voluntarily Associated Entity (VAE) as defined in the CA Cap-and-Trade Program and Participant as defined in the QC Cap-and-Trade System. All entity types, except for General Market Participant – Individual, will always

have at least two representatives. In the case of a General Market Participant – Individual, there may be instances where only one individual or representative will have access to an Auction Services account. All references to Potential Applicant, Applicant, Qualified Applicant, or Qualified Bidder are in reference to an “Entity;” whereas, references to User are in reference to an individual.

Auction Services access is based on two categories of Users: Participant and Administrative Users. A Participant User is defined as a representative of an Entity. An Administrative User is defined as a Jurisdiction, Financial Services Administrator (FSA), Market Monitor (MM), or an Auction Administrator (AA) User.

Auction Services must be Internet-based and must be in English for CA users and in both French and English for QC users. The following interfaces or webpages must be available:

- **Public Home Page:** A Home Page for each jurisdiction that is publicly available.
- **Private Home Page:** A Home Page designed for each user role that is accessed once a User logs in to Auction Services.
- **Jurisdiction Administration:** An interface(s) for Jurisdiction Users to manage user accounts, review applicant data, and other key services.
- **Monitoring:** An interface(s) for Jurisdiction, MM, and AA Users to actively monitor actions and, for only Jurisdiction and MM Users, take action on bids during and after an auction or reserve sale bidding window.
- **Participant Bidding:** An interface(s) for Participant Users to submit bids, monitor and confirm bids they have submitted, and review bidding limitations.
- **Financial Services Administrator (FSA):** An interface(s) for FSA Users to upload Applicant financial services account and bid guarantee information and access reports authorized for the FSA role.
- **Reports:** An interface(s) to provide Participant and Administrative User Reports, presenting information such as auction and reserve sale data, bid statistics, Applicant information, and jurisdiction data. Access to reports may be incorporated into other interfaces.

The remainder of this overview is divided into three chapters: 1) Key Administrative Elements; 2) Key Internet-Based Auction Services Elements; and 3) Auction Services Reports.

Chapter 1: Key Administrative Elements

Section 1: Single Sign-On Integration

WCI, Inc. is considering, but not requiring, designing and implementing Auction Services to use single sign-on authentication with CITSS to reduce the impact on stakeholders of having to log in to two distinct systems to participate in an auction or reserve sale. Contractors should expect to either: 1) propose and design a single sign-on process for integration with CITSS, or 2) meet all user access components in the Auction Services Access and Data Security Requirements listed below in Section 2.

Section 2: Auction Services Access Data Security Requirements

Auction Services access and data security should be based on best management practices, for example:

- A. Maintain Auction Services event logs including Application and Security logs.
- B. Log all user events including successful and unsuccessful logon attempts.
- C. Users of Auction Services systems, networks, applications and information must be individually identified and authenticated.
- D. Passwords or pass phrases must be lengthy and complex, consisting of a mix of letters, numerals and special characters that would be difficult to guess.
- E. Authentication information such as passwords, security logs, security configurations and so forth must be adequately secured against unauthorized or inappropriate access, modification, corruption or loss.
- F. Use multi-factor authentication.
- G. Require regular changing of credentials.
- H. After a predefined number of unsuccessful logon attempts or security questions response attempts, generate security alert and lock user account.
- I. After a predefined amount of time with inactivity end user sessions.
- J. URL access management. Secure access to each URL address or webpage will be based on user role, without regard to whether the URL is requested via an interface or directly typed in to a browser.
- K. The URL for each Auction Services' webpage will use a secure hypertext transfer protocol (https), other than the Public Home Page.
- L. The URL of any User Private Page, or any https webpage, will be inaccessible by simply clicking on the browser's forward or backward buttons from any non-secure, http web page.

Section 3: Auction Services Account Establishment and Management

- A. User and Entity account creation and management should be based on best management practices, for example:
 - 1. User account access is based on individual users with a unique username and password.
 - 2. Groups (roles) are used to assign permissions.
 - 3. Grant least privilege (granting only the permissions required to perform a task).
 - 4. Provide secure processes for user management of passwords requiring additional authentication (i.e., security questions)
 - i) Forgot password process and security questions
 - ii) Change password process
 - 5. Provide secure processes for Administrative User management of Participant User passwords (i.e., allow Jurisdiction User to reset password and security questions to be reestablished by Participant User).

Section 4: User Account Status and User Types

- A. Auction Services' accounts will have a status to allow or deny user access (i.e., Active, Inactive) to Auction Services.
- B. There will be five (5) user roles that will have access to Auction Services.
 - 1. Jurisdiction User: Administrative User
 - 2. Auction Administrator (AA) User: Administrative User
 - 3. Financial Services Administrator (FSA) User: Administrative User
 - 4. Market Monitor (MM) Users: Administrative User
 - 5. Participant User

Section 5: Entity Accounts

- A. Auction Services' Entity accounts will have a status to allow or deny access (i.e., Active, Inactive) to Auction Services.
- B. An Entity account is represented by multiple Participant Users.
- C. All Participant Users with access to Auction Services that are associated to an Entity (have an active Entity-relationship) may take action on the Entity account.

Section 6: Participant User Account Establishment and Management

- A. Auction Services receives Applicant information from CITSS through an XML file to establish Participant User associations with specific Entities (Entity-relationship). A Participant User with an Entity-relationship to a specific Entity is eligible to take actions in Auction Services for the Entity (i.e., apply for action, access bidding window, submit bids).
1. Information transmitted through CITSS includes the entity name, general holding account number, entity contact information, representative names, representative phone numbers, and representative email addresses.
 2. Auction Services must be able to completely reconcile Auction Services access with CITSS access.
 3. Any account representative that has not been previously identified in data provided through CITSS is offered to establish an Auction Services account.
 4. For any account representative that has an Auction Services account, but is not identified in data provided through CITSS, the Participant User account for that person must be disabled.
 5. For any account representative that has an Auction Services account associated to a specific Entity, but is not identified in data provided through CITSS to the same Entity, the Participant User Entity-relationship to the specific Entity must be disabled.
 6. No Auction Services access should be provided to any user not listed in the most recent information transmitted through CITSS.
 7. No Participant User Auction Services access should be provided to represent a specific Entity if the user is not listed in the most recent information transmitted through CITSS as an account representative of the Entity.

Section 7: Entity Auction and Reserve Sale Eligibility

- A. For auctions, any Entity listed in an XML file is eligible to participate and is a Potential Applicant.
1. For reserve sales, any Entity with an entity type defined as a Covered Entity, Covered Source, or Opt-in Entity in the XML file is eligible to participate and is a Potential Applicant.

Section 8: Administrative User Account Establishment and Management

- A. Jurisdiction, MM, AA, and FSA accounts are established only upon the request of a Jurisdiction User.

- B. At the beginning of the contract term, and updated regularly, names and email addresses for each of the Administrative Users will be provided to the Auction Administrator by a Jurisdiction User.

Section 9: Auction and Reserve Sale Set Up

- A. Auctions and reserve sales are to be established in Auction Services based on setup information provided by a Jurisdiction User.
- B. Auctions and reserve sales will be established based on specific business rules based on event type (i.e., joint auction, jurisdiction-specific auction, jurisdiction-specific reserve sale).
- C. An interface or process is required to allow a Jurisdiction User to submit auction and reserve setup information to Auction Services.
- D. Auction setup information will include dates and times of specific auction events and data specific to the auction (i.e., date and time auction application period opens and closes, date and time bidding window opens and closes, allowances available, Auction Reserve Prices, etc.).
- E. Auction setup will require flexibility to allow for setup of auctions in addition to Current and Advance Auctions, as there may be a need to auction allowances of vintages other than the Current and Future vintage.
- F. Reserve sale set up information will include dates and times of specific reserve sale events and data specific to the reserve sale (i.e., date and time reserve sale application period opens and closes, date and time bidding window open and closes, allowances available, tier prices, etc.)

Chapter 2: Key Internet-Based Auction Services Elements

Section 1: Internet-Based Service Language Requirements

- A. Internet sites for California will be provided in English only, and will not include a language selection field to change the display to other languages.
- B. Internet sites for Québec will be provided in French and English. All pages default to French and include a language selection field to change the display to English.
- C. Auction Services will recognize and accept English and French language and keyboarding formats.

Section 2: Public Home Pages

- A. The Public Home Pages provide a general description of auctions, reserve sales, auction and reserve sale processes, essential introductory information to Auction Services Users, general public information, and login access to other Auction Services webpages.

Section 3: Private Home Page

The Private Home Page refers to a webpage accessible once a User is logged in. The Private Home Page provides the ability to move a Participant User through an auction or reserve sale process, and will allow authorized Users to download reports and templates.

- A. Access—Access to a Private Home Page is provided for all Participant and Administrative user roles including Jurisdiction, FSA, MM, and AA Users.
- B. Jurisdiction User Private Home Page will include access to the following interfaces: Public and Private Home Pages, Reports Interface, Monitoring Interface, and Jurisdiction Administration Interface.
- C. Financial Services Administrator User Private Home Page will include access to the following interface(s): Public and Private Home Pages and Reports Interface.
- D. Market Monitoring Private Home Page will include access to the following interface(s): Public and Private Home Pages, Monitoring Interface, and Reports Interface.
- E. Participant User Private Home Page will include access to the following interface(s): Public and Private Home Pages, Bidding Interface(s), and Reports Interface.

Section 4: Participant User Application Process

- A. In developing Updated Auction and Reserve Sale Services the auction and reserve sale application process may be transitioned to occur in CITSS. The options to be considered are as follows:

Option #1: Auction and Reserve Sale Application in Auction Services:

- A. Auction Services receives Potential Applicant information from CITSS daily during an auction application period from sixty days to thirty days prior to an auction (from thirty days to twenty days prior to a reserve sale) and reconciles all Auction Services accounts and provides information to establish an Auction Services account to new Participant Users.
1. Information transmitted through CITSS includes:
 - i. Entity Legal and Operating Name
 - ii. CITSS general holding account number,
 - iii. Contact information, and
 - iv. Account representative names, phone numbers, and email addresses.
- B. Any changes in Applicant Information for an Entity previously submitting an Application must be determined and reported.
- C. Auction services accepts from a Participant User(s) auction application information, including:
1. The event in which the entity intends to bid
 2. Information about the form and currency of bid guarantee to be submitted, and return instructions
 3. An attestation response
 4. Confirmation of auction application submittal
 - i. Auctions Services sends an email to Participant Users representing Entity confirming auction application
- D. Auction services accepts from the Financial Services Administrator auction application information, including:
1. Financial Services Account Number
 - i. Auctions Services sends an email confirming a Financial Services Account has been established.
 2. Bid Guarantee Amount by type (Cash, letter of credit, bond, letter of guarantee)

- i. Auctions Services sends an email to Participant Users representing Entity confirming a bid guarantee has been accepted and processed.
- E. Auction services accepts from a Jurisdiction User a determination to approve or reject participation in the auction for each Entity.
 1. Auctions Services sends an email to Participant Users representing Entity confirming the approve or reject determination.

Option #2: Auction and Reserve Sale Application in CITSS:

- A. Auction Services receives Applicant information (Applicants only rather than Potential Applicants) from CITSS approximately ten days prior to auction or reserve sale and reconciles all Auction Services accounts and provides information to establish an Auction Services account to new Participant Users.
- B. All Applicant data is populated into Auction Services for access by Participant and Jurisdiction users.
- C. All steps in Option #1 prior to determination to approve or reject participation in the auction or reserve sale would be conducted in CITSS.
- D. Auction services accepts from a Jurisdiction User a determination to approve or reject participation in the auction for each Entity.
 1. Auctions Services sends an email to Participant Users representing Entity confirming the approve or reject determination.

Section 5: Participant Bidding Interface

A. Background

During an open bidding window, representatives of Qualified Bidders with active Auction Services accounts (Participant Users) will have access to the Participant Bidding interface and will be able to submit the Entity's bids.

1. Participant Bidding Interface—the interface will need to provide time and status indicators before, during, and after bidding, as well as other related functions.
2. The Participant Bidding Interface for Auctions will need to provide auction information, including: Auction Exchange Rate (FX Rate), Auction Reserve Price by currency, total allowances offered, etc.
3. The Participant Bidding Interface for Auctions will need to provide Entity bid information including: total allowances bid, total submitted bids, etc.

4. The Participant Bidding Interface for Auctions will need to provide Entity bid limitation data including: holding limit, purchase limit, and bid guarantee amount and currency.
 - i) Auction Services must include process to receive from a Jurisdiction User holding limit and purchase limit data for each entity the day prior to an auction in a pre-determined data format.
 5. The Participant Bidding Interface for Reserve Sales will need to provide reserve sale information including: tier prices, total allowances offered, etc.
 6. The Participant Bidding Interface for Reserve Sales will need to provide Entity bid information including: total allowances bid in tiers, total submitted bids in tiers, etc.
 7. The Participant Bidding Interface for Reserve Sales will need to provide Entity bid limitation data including: holding limit and bid guarantee amount.
 8. Auction Services must include process to receive from a Jurisdiction user holding limit data for each entity the day prior to a reserve sale in a pre-determined data format.
- B. Auction and Reserve Sale Bidding (Participant User) - Submitting Bids—During the bidding window, bids can be submitted by representatives of Qualified Bidders (Participant Users) by either adding bids manually one-by-one or by uploading a preformatted spreadsheet based on the template provided in Auction Services for that event.
- i) Bid Identification—Each bid entered manually or through a bid schedule upload will need to be identified with several types of identifying and attribute information (i.e., identification of bid and transaction, bid price, vintage or tier, currency, and number of lots).
 - ii) Bid Review, Editing, and Removal—Participant Users will have the ability to review their bids before final submission, including the ability to edit, remove, and submit bids.
 - iii) The Participant Bidding Interface will not accept a bid that would result in a maximum value of submitted bids greater than the bid guarantee submitted, or in an Entity exceeding its holding limit or purchase limit. An error message shall be presented stating the specific type of limit(s) exceeded.

Section 6: Jurisdiction Administration Interface

- A. The Jurisdiction Administration Interface will display important Applicant information including name, CITSS account number, bid guarantee amounts, bidding limitations, among other data.
- B. The Jurisdiction Administration Interface will include Auction Information including auction name, date, time, settlement price, allowances sold, among other data.
- C. The Jurisdiction Administration Interface will include Reserve Sale Information including reserve sale name, date, time, tier prices, allowances sold, among other data.
- D. The Jurisdiction Administration Interface will allow Jurisdiction Users to approve or reject auction and reserve sale applicants.
- E. The Jurisdiction Administration Interface will allow Jurisdiction Users to establish an Auction Exchange Rate (FX Rate) and Auction Reserve Price.
- F. The Jurisdiction Administration Interface will allow a Jurisdiction User to approve an auction or reserve sale for certification and closure.
- G. The Jurisdiction Administration Interface will allow Jurisdiction Users the ability to access both Administrative User and Participant User Reports, respective to Users registered in their jurisdiction.
- H. The Jurisdiction Administration Interface will allow Jurisdiction Users to reset User passwords and security questions.
- I. A Jurisdiction User can access information only for a jurisdiction-specific auction or reserve sale or joint auction that the jurisdiction they represent is participating in.
- J. A Jurisdiction User can only act for a jurisdiction they represent (i.e., only a CA user can act in a CA-only event).
- K. A Jurisdiction User can view actions taken by all jurisdictions (i.e., CA user can view actions taken by a QC user, and vice versa).

Section 7: Auction or Reserve Sale Monitoring Interface (Monitoring Interface)

- A. Jurisdiction User and Market Monitor User Monitoring—During an auction or reserve sale, Jurisdiction and MM Users will have access to a Monitoring Interface through their Private Home Pages. Auction Administrator Users will have view only access to the Monitoring Interface through their Private Home Pages.

- B. Monitoring Interface: Statistics Determination and Display and Reports—bidding statistics will be available through the Monitoring Interface, and be viewable by Jurisdiction, MM, and Auction Administrator Users. Statistics will include number of bids, number of entities, number of allowances, average price, among other data.
- C. Monitoring Interface: Bid monitoring will allow a Jurisdiction User or Market Monitor User to take specific actions on a bid (i.e., insert a comment).
- D. Monitoring Interface: Report access – auction and reserve sale reports for Administrative Users will be available.

Section 8: Post Auction and Reserve Sale

A. Auction and Reserve Sale Bidding Window Close

1. Auction Services closes the Auction or Reserve Sale bidding window automatically based on the bidding window close time provided in the auction set up process.

After the bidding window closes, Participant Users will not be able to add, edit, or delete bids but will be able to view all bids with the bidding interface until the auction or reserve sale is certified and closed.

After the closing of a bidding window, an auction or reserve sale will be described based on a status indicating progress in determining the settlement price (or determining allowance awarded for reserve sale), certification, and closure.

B. Post Auction and Reserve Sale Bid Management

1. All bids are to be rejected if any limitation is exceeded. Bid acceptance must be confirmed in the settlement process.

The Auction Administrator User will reject any submitted bids that contain bid quantities in excess of the purchase limit, the holding limit, or the value of the bid guarantee based on the settlement methodology.

For each bid a “Qualified Bid” is determined equal to the bid amount that remains after the submitted bids have been evaluated for the bidding limitations.

C. Auction Settlement Price Calculation and Results

1. Auction Services will determine the settlement price for the Current and Advance Auctions based on the settlement process, including determining settlement price for any other vintage auction conducted.

Current and Future vintage allowances will be sold in separate auctions.

- i) Auctions will require flexibility to allow for setup of auctions in addition to Current and Advance Auctions, as there may be a need to auction allowances of vintages other than the Current and Future vintage.
2. Auction Services runs the settlement process and calculates the settlement price for each vintage using the settlement process.
3. For a joint auction, bid evaluations and settlement price determination will be conducted in USD. The value of all bids and bid guarantees submitted in CAD will be converted into USD in whole cents using the established Auction Exchange Rate.
4. Beginning with the highest bid and proceeding to successively lower bids, Entities submitting bids at each price will be awarded allowances.
5. The settlement price for all allowances will be the lowest price at which the entire supply of allowances is exhausted or the Auction Reserve Price, whichever is reached first.
6. Bids submitted at prices below the settlement price will not win any allowances.
7. When determining the settlement price, if the quantity of allowances bid for at a specific price exceeds the remaining allowances available for sale, a tiebreaker procedure as defined in the California and Québec Cap-and-Trade regulations will be used to determine the number of allowances awarded to each Entity.
8. Each bid will be assessed against bid limitations such as purchase and holding limits and the bid guarantee as previously described.
9. Once the settlement price is calculated, the preliminary outcome of the auction will be available to Jurisdiction Users in the Admin Entity Bids Report, Admin Entity Bids Audit Report, Auction Summary Report, Financial Settlement Report, and Allowance Delivery Report. These reports can be downloaded from the Auction Services webpages by all Jurisdiction and MM Users.

Section 9: Post Reserve Sale

A. Reserve Sale Allowance Determinations and Results

1. Auction Services will determine the reserve sale allowances awarded.
 - i) Starting with allowances in the lowest-priced tier, allowances will be sold to Entities that submit qualified bids to the lowest-priced tier.
2. There are three potential outcomes for the sale of allowances within each tier:

- i. The quantity of qualified bids exactly correspond to the quantity of allowances available in a given tier. All bids are filled and no allowances remain in the tier.
- ii. The quantity of qualified bids exceeds the quantity of allowances in a given tier. This will result in the tiebreaker process under which allowances are sold based on each bidder's proportion of all qualified bids.
- iii. The quantity of qualified bids is fewer than the number of allowances in a given tier. All bids are filled and allowances remain in the tier.

Section 10: Auction and Reserve Sale Certification and Closure

- A. Jurisdiction User Actions—Jurisdiction Users will have the ability to approve or reject auction settlement price determination results or reserve sale allowance determination results to be rerun or certify an auction or reserve sale through the Jurisdiction Administration Interface in Auction Services.
- B. Auction Certification—Certification of a joint auction requires active confirmation in the Auction Services by each jurisdiction. A joint auction is certified once selected and confirmed for certification by all Participating Jurisdictions.
- C. Auction Closure—Follow same procedure and conditions as auction certification.

Chapter 3: Auction Services Reports

Section 1: Reports

- A. Availability and Format—Reports access, and the timing of access, will be based on the user role type.
 - 1. Reports include files available that provide static text as well as auction results. Wherever possible, all static text should be managed in a manner such that changes can be easily made without needing to implement changes in code or require a new production release.
- B. Auction Services Reports Interface—Auction Services will provide reports through an interface, and reports will be in the default language of each jurisdiction. For California Users, reports will be available in English, and Québec Users will have the option to obtain reports in English or French. There will be two categories of reports made available: Participant User Reports and Administrative User reports.
- C. Participant User Reports—The Participant User Reports listed below will be available:
 - 1. Entity Bids Audit Report: This report includes all the bids submitted by an Entity, including the audit trail of each bid.
 - 2. Entity Bid Statistics Report: This report presents data representing the specific point in time it is requested including a list of all bids submitted by an Entity. After certification of an auction or reserve sale, the report will identify each bid in its final form, identifying each successful and unsuccessful bid and the number of allowances awarded, if any.
 - 3. Financial Statement: The report will include all information required to invoice and complete financial settlement for an auction or reserve sale. It will provide explanatory text for completing financial settlement, including contact information for the Financial Services Administrator and Auction Administrator.
 - 4. Bid Upload Template: This report is used for the auction and reserve sale bid upload process.
 - 5. Financial Services Delivery Instructions: This report is used to provide wiring and physical delivery instructions for bid guarantee submittal and payment of amounts due for financial settlement.
- D. Administrative User Reports—The following Administrative User Reports will be available.
 - 1. Admin Applicant Audit Report: This report includes data from CITSS, auction or reserve sale applications, and the FSA. It will list the audit trail of each auction application.

2. Admin Applicant Report: This report will list the current status of all Applicants representing the specific point in time it is requested, including data from CITSS, auction or reserve sale applications, and the FSA .
3. Admin Entity Bids Audit Report: This report includes all the bids submitted in Auction Services including the audit trail of each bid. The report should allow for an audit of all bids from entry and identify each action taken on a bid specific to an Entity and associated User.
4. Admin Entity Bids Report: This report presents data representing the specific point in time it is requested including a list of all bids submitted by each Entity. After certification of an auction or reserve sale, the report will identify each bid in its final form, identifying each successful and unsuccessful bid and the number of allowances awarded, if any.
5. Financial Settlement Report: This report includes settlement information of all the Entities that participated in an auction or reserve sale as a Qualified Bidder.
6. Summary Report: This report provides a summary of auction results and bid statistics.
7. Allowance Delivery Report: This report provides a breakdown of total allowances awarded by Entity by allowance vintage and type.
8. User Activity Audit Report: This report will be generated listing each action taken by a User (Participant, Jurisdiction, FSA, Auction Administrator, and MM Users) and will provide an audit of all actions taken in Auction Services.