

**The Regional Greenhouse Gas Initiative**  
an initiative of the New England and Mid-Atlantic States of the U.S.

# **Auction Notice**

## **for CO<sub>2</sub> Allowance Auction 47**

### **on March 11, 2020**

**States offering CO<sub>2</sub> allowances for sale:**

**Connecticut, Delaware, Maine, Maryland, Massachusetts,  
New Hampshire, New Jersey, New York, Rhode Island, and Vermont**

**Issued on January 14, 2020**

**Administered by RGGI, Inc.  
90 Church Street, 4<sup>th</sup> Floor, New York, New York 10007**



The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by participating states to reduce emissions of carbon dioxide (CO<sub>2</sub>), a greenhouse gas that causes global warming.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the CO<sub>2</sub> Budget Trading Programs of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

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## 1 **General Information**

This document, Auction Notice for CO<sub>2</sub> Allowance Auction 47 on March 11, 2020 (“Auction Notice”), is the official notification for CO<sub>2</sub> Allowance Auction 47 (“Auction 47”). Auction 47 will offer allocation year 2020 allowances (“Initial Offering”) as well as the Cost Containment Reserve (“CCR”). The CCR contains a number of CO<sub>2</sub> allowances in addition to the Initial Offering which, under certain circumstances, will be offered for sale.

Auction 47 will include current control period allowances from Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont, which are referred to in this Auction Notice as the “Participating States.” All allowances offered for sale in Auction 47 will be recognized for compliance purposes without limitation by the Participating States, in accordance with each state's regulations.

Auction 47 is scheduled to take place from 9:00 AM until 12:00 PM ET<sup>1</sup> on Wednesday, March 11, 2020. The Auction Notice provides information about eligibility, auction format and procedures, and participation requirements.

- Auction Website: All relevant documents referenced in this *Auction Notice* are located at <https://www.rggi.org/auctions/auction-materials>.
- Auction Platform: The online platform used to sell CO<sub>2</sub> allowances is located at <https://rggi.exchange.apps.enelx.com>.
- RGGI: The Regional Greenhouse Gas Initiative is a cooperative effort by New England and Mid-Atlantic States to reduce carbon dioxide emissions from power plants through the implementation of a linked CO<sub>2</sub> Budget Trading Program by each state.
- RGGI, Inc.: Regional Greenhouse Gas Initiative, Inc. is a non-profit corporation created to provide technical and administrative services to the Participating States in the development and implementation of their CO<sub>2</sub> Budget Trading Programs.
- RGGI Portal: The Auction Platform contains a RGGI-specific portal, which authorized auction representatives use to submit the Qualification Application, Intent to Bid, and financial security information.
- RGGI COATS: The RGGI CO<sub>2</sub> Allowance Tracking System is the platform that enables the allocation, award, and transfer of CO<sub>2</sub> allowances to account holders.
- RGGI Portal – Training and Support Tutorial: The tutorial on the Auction Website that details how to submit the Qualification Application, Intent to Bid, and financial security information
- Auction 47 Tutorials: Tutorials on the Auction Website that consist of presentations focused on the auction format, RGGI COATS, and the overall qualification process.

### 1.1 **Introduction**

The states participating in Auction 47 are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. More

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<sup>1</sup> Throughout this Notice, ET, or EPT on the *Auction Platform*, refers to the prevailing local time in New York City in the United States of America.

details about RGGI and RGGI, Inc. can be found at <https://www.rggi.org/> and <https://www.rggi.org/rggi-inc/contact>, respectively.

To support the CO<sub>2</sub> Budget Trading Programs, the Participating States implemented the Auction Platform, which is managed by the RGGI CO<sub>2</sub> Budget Trading Programs Auction Manager (“Auction Manager”). All of the Participating States are offering CO<sub>2</sub> allowances for sale in Auction 47, which is authorized by, and will be conducted in accordance with, the authority of each Participating State and each will retain the authority to make its own regulatory determinations in conducting Auction 47. This Auction Notice is authorized by, and in accord with, each Participating State’s statutory and/or regulatory authority.

Contact information for the Auction Manager is as follows:

RGGI CO<sub>2</sub> Budget Trading Programs Auction Manager  
c/o Enel X North America, Inc.  
One Marina Park Drive, Suite 400  
Boston, MA 02210  
Phone: 703.795.8927  
Email: [auctionmanager.enelxnorthamerica@enel.com](mailto:auctionmanager.enelxnorthamerica@enel.com)

## 1.2 What’s New

- The Qualification Application and Intent to Bid are accessible and submitted through the RGGI Portal which is integrated into the Auction Platform located at <https://rggi.exchange.apps.enelx.com>.
- The live webinars held for previous auctions have been replaced with a video tutorial (the Auction 47 Tutorials).
- The RGGI Portal - Training and Support Tutorial is a new training video that explains how to use the online application portal.
- New Jersey is now one of the Participating States.
- All previously qualified applicants utilizing the RGGI Portal for the first time must:
  - Confirm all the information that has been preloaded including:
    - General Information
    - Authorized Auction Representative(s)
  - Update the applicant’s corporate and bidding associations and positive attestations which have not been preloaded:
    - Information regarding corporate and bidding associations is located in Auction Notice Section 2.9
    - Applicants can upload a document explaining a positive attestation as well as supporting documents
  - Complete the signature process.
- Both the Primary Authorized Auction Representative and Secondary Authorized Auction Representative will receive unique Auction Platform credentials.
  - Credentials are needed to submit a Qualification Application, Intent to Bid, and financial security information

- The Cost Containment Reserve for calendar year 2020 is 11.8 million CCR allowances. All 11.8 million CCR allowances are available in Auction 47.
- The “CCR Trigger Price”<sup>2</sup> for 2020 is \$10.77 per CO<sub>2</sub> allowance.
- The minimum reserve price for 2020 is \$2.32.

### 1.3 Auction Schedule

Table 1 presents the current schedule for all events associated with Auction 47 (“Auction Schedule”). Please note that times and dates in the schedule are subject to change. Any change to the Auction Schedule will be reflected on the Auction Website and emailed to the Authorized Auction Representative(s).

Section	Event	Date	Time
<a href="#">§ 1</a>	Release of Auction documents: <ul style="list-style-type: none"> <li>• Auction Notice</li> <li>• Frequently Asked Questions</li> </ul>	Tuesday, January 14, 2020	No later than 5:00 PM
<a href="#">§ 1</a>	RGGI Portal provides access to submit: <ul style="list-style-type: none"> <li>• Qualification Application</li> <li>• Intent to Bid</li> <li>• Financial Security Information</li> </ul>	Tuesday, January 14, 2020	No later than 5:00 PM
<a href="#">§ 6</a>	Open online question window	Tuesday, January 14, 2020	10:00 AM
<a href="#">§ 6</a>	Release tutorial slides	Wednesday, January 15, 2020	10:00 AM
<a href="#">§ 6</a>	Update FAQs, as needed	Wednesday, January 22, 2020	5:00 PM
<a href="#">§ 2</a>	<b>Auction forms deadline<sup>3</sup></b> <ul style="list-style-type: none"> <li>• <b>Qualification Application</b></li> <li>• <b>Intent to Bid</b></li> </ul>	<b>Wednesday, January 29, 2020</b>	<b>No later than 5:00 PM</b>
<a href="#">§ 2</a>	Remediation notification deadline: <ul style="list-style-type: none"> <li>• Qualification Application</li> <li>• Intent to Bid</li> </ul>	Wednesday, February 05, 2020	No later than 3:00 PM
<a href="#">§ 2</a>	<b>Remediated auction forms deadline</b>	<b>Thursday, February 20, 2020</b>	<b>No later than 5:00 PM</b>
<a href="#">§ 2</a>	Qualification status sent to Applicants	Tuesday, February 25, 2020	No later than 5:00 PM
<a href="#">§ 6</a>	Auction Platform training sessions	Monday, March 02, 2020	1:00 PM ET to 4:00 PM
<a href="#">§ 6</a>	Auction Platform training sessions	Tuesday, March 03, 2020	1:00 PM to 4:00 PM
<a href="#">§ 2</a>	<b>Financial security deadline</b>	<b>Wednesday, March 04, 2020</b>	<b>No later than 5:00 PM</b>
<a href="#">§ 2</a>	Notification of participation status sent to Applicants	Friday, March 06, 2020	No later than 5:00 PM

<sup>2</sup> The CCR Trigger Price is the price which, if exceeded by the interim auction clearing price, releases CO<sub>2</sub> allowances from the CCR.

<sup>3</sup> All due dates specified in the Auction Notice refer to the date and time (ET in New York City) on which the item(s) must be received by the Auction Manager.

Section	Event	Date	Time
<a href="#">§ 7</a>	<b>Auction 47</b>	<b>Wednesday, March 11, 2020</b>	<b>9:00 AM - 12:00 PM</b>
<a href="#">§ 8</a>	Auction clearing price posted at <a href="https://www.rggi.org/">https://www.rggi.org/</a> <ul style="list-style-type: none"> <li>Directly after, Bidders can view awards on Auction Platform.</li> </ul>	Friday, March 13, 2020	10:00 AM
<a href="#">§ 8</a>	Optional cash settlement deadline	Wednesday, March 18, 2020	No later than 5:00 PM
<a href="#">§ 8</a>	Unused cash financial security return	Wednesday, March 25, 2020	No later than 5:00 PM
<a href="#">§ 8</a>	Allowance transfer and confirmation	Thursday, March 26, 2020	No later than 5:00 PM

**Table 1: Auction Schedule**

#### 1.4 CO<sub>2</sub> Allowances Offered for Sale

Table 2 presents the Initial Offering for Auction 47, which is comprised of allocation year 2020 CO<sub>2</sub> allowances.

State	CO <sub>2</sub> Allowances	%
Connecticut	869,689	5.4%
Delaware	630,305	3.9%
Maine	449,977	2.8%
Maryland	2,330,353	14.4%
Massachusetts	2,165,254	13.4%
New Hampshire	713,942	4.4%
New Jersey	3,669,976	22.6%
New York	4,928,365	30.4%
Rhode Island	351,359	2.2%
Vermont	99,127	0.6%
<b>Total</b>	<b>16,208,347</b>	<b>100.0%</b>

**Table 2: Initial Offering in Auction 47**

Table 3 presents the number of CCR allowances that, under certain circumstances, will also be offered for sale. See Section 7.1 for a detailed discussion of the CCR.

State	CCR Allowances	%
Connecticut	647,461	5.5%
Delaware	457,658	3.9%
Maine	360,137	3.1%
Maryland	2,270,433	19.2%
Massachusetts	1,613,968	13.7%
New Hampshire	521,869	4.4%
New Jersey	1,800,000	15.3%
New York	3,893,277	33.0%
Rhode Island	160,987	1.4%
Vermont	74,210	0.6%
<b>Total</b>	<b>11,800,000</b>	<b>100.0%</b>

**Table 3: CCR Allowances**

## 1.5 Eligibility

All categories of bidders are eligible to participate in Auction 47. However, to participate in Auction 47, an applicant must meet all participation requirements and follow all procedures outlined in this Auction Notice.

## 2 Participation Requirements

If any previously qualified applicant has not yet submitted a Qualification Application through the online portal on the Auction Platform, it must conduct a one-time confirmation of preloaded application information on the portal, including:<sup>4</sup>

- General Information; and
- Authorized Auction Representative(s).

Note that the applicant's RGGI COATS account number, corporate associations and positive attestations have not been preloaded and the applicant is responsible for entering this information. Please review Auction Notice Section 7.2.3.1 (Identifying Direct and Indirect Corporate Associations) for information regarding corporate and bidding associations.

Applicants can upload any supporting documents for positive attestations. Finally, applicants must complete the signature process. Once entered, all the submitted information will be saved for future auctions.

### 2.1 Previously Qualified Applicant

A previously qualified applicant with a material change to the information in its Qualification Application becomes a new applicant and must:

1. Maintain a compliance or general account in the RGGI CO<sub>2</sub> Allowance Tracking System set forth in Section 2.4;
2. Submit a Qualification Application through the RGGI Portal set forth in Section 2.6;
3. Submit an Intent to Bid through the RGGI Portal set forth in Section 2.7; and
4. Meet the financial security requirements set forth in Section 2.9.

Specific criteria of a material change to information previously submitted in a Qualification Application are:

1. General Information: Any change constitutes a material change, except Street Address, City, State/Province," Postal Code, Country, Years in Business, and URL for Applicant's Web Site.
2. Authorized Auction Representative(s): Only a change to the Authorized Auction Representative(s) First Name and/or Last Name constitutes a material change.
3. RGGI COATS Account: Any change constitutes a material change.
4. Corporate Associations: Any change constitutes a material change.
5. Bidding Associations: Any change constitutes a material change.

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<sup>4</sup> The Online Application Portal was introduced in Auction 47.



6. Attestations: Any change constitutes a material change.

### **2.1.1 Previously Qualified Applicant with a Change to an Authorized Auction Representative**

As discussed in the previous section, a change to an Authorized Auction Representative is a material change. In order to access the RGGI Portal and the prior Qualification Application, a new representative must follow the steps detailed in the RGGI Portal – Training and Support Tutorial as follows:

1. Does the new representative have an active Auction Platform account?
  - If yes, the new representative must email the RGGI Auction Manager at [auctionmanager.enelxnorthamerica@enel.com](mailto:auctionmanager.enelxnorthamerica@enel.com) and request that the Auction Manager designate its active Auction Platform account with a PAAR or SAAR. Once the designation has been added to the Auction Platform Account the PAAR or SAAR can access the RGGI Portal.
  - If no, the new representative must access the Auction Platform login screen at <https://rggi.exchange.apps.enelx.com> and click on the “New Bidder” link to launch the registration form. Once the registration form has been submitted, the Auction Manager will designate the active Auction Platform account with a PAAR or SAAR attributed.

### **2.2 New Applicant**

In order to become qualified to participate in Auction 47, each new applicant must:

1. Establish and maintain a compliance or general account in RGGI COATS as set forth in Section 2.4;
2. Submit the Qualification Application through the RGGI Portal as set forth in Section 2.6;
3. Submit the Intent to Bid through the RGGI Portal as set forth in Section 2.7; and
4. Meet the financial security requirements as set forth in Section 2.9.

Once qualified for Auction 47, an applicant is qualified to participate in future CO<sub>2</sub> Allowance Auctions held by the Participating States,<sup>5</sup> unless there is a material change to information in the approved Qualification Application.

### **2.3 Applicant**

Throughout the rest of the Auction Notice, the term “Applicant” refers to both a previously qualified applicant and a new applicant. Applicants must immediately notify the Auction Manager of any material change occurring after the auction forms deadline set forth in the Auction Schedule.

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<sup>5</sup> If a new state or region participates in RGGI for a future auction, that state or region may have additional qualification requirements.

## 2.4 RGGI COATS Account

Each Applicant must maintain an active RGGI COATS compliance or general account. The RGGI COATS account number provided on the Qualification Application is the account into which all awarded CO<sub>2</sub> allowances from the Auction will be transferred.<sup>6</sup>

RGGI COATS accommodates the creation and management of general accounts as well as the management of compliance accounts that have been created by the state in which the CO<sub>2</sub> budget source is located.

For a compliance account, each RGGI COATS Authorized Account Representative<sup>7</sup> will receive an email notification from RGGI COATS when its compliance account has been created and include its account number. Authorized Account Representatives may also retrieve account numbers by logging into the RGGI COATS at [www.rggi-coats.org](http://www.rggi-coats.org) and clicking the "Accounts" menu item. If a state has not approved the creation of a compliance account by the Qualification Application deadline, then the applicant must create a general account for the auction.<sup>8</sup>

For a general account, each Applicant must go to <http://www.rggi-coats.org> and request to be a user of the RGGI COATS. The RGGI COATS user request process requires the submission of a User Login Request Form in hard copy to the RGGI COATS administrator before the Applicant may submit a general account application in the RGGI COATS.

A RGGI COATS Authorized Account Representative may transfer CO<sub>2</sub> allowances between any accounts, compliance or general.

## 2.5 Authorized Auction Representatives

The Primary Authorized Auction Representative ("PAAR") represents the Applicant in any CO<sub>2</sub> Allowance Auction in which the Applicant participates. The PAAR must be an employee of the Applicant or of the Applicant's operator, if the Applicant does not have any employees. Each PAAR receives a unique username and password for the Auction Platform, allowing him/her to submit a Qualification Application as well as submit and cancel bids in a CO<sub>2</sub> Allowance Auction in which the Applicant is an approved bidder. The PAAR or Secondary Authorized Auction Representative ("SAAR"), if one is designated, must submit the Qualification Application as set forth in Section 2.6. The PAAR is the primary contact for all communications regarding all notices and documentation, and any other information related to a CO<sub>2</sub> Allowance Auction(s). The principal mode of communication is email.

While not required, it is recommended that the PAAR be the same person as the RGGI COATS authorized account representative.

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<sup>6</sup> Note that a change to the RGGI COATS account constitutes a material change to the *Qualification Application* (see *Auction Notice* Section 2.1 Previously Qualified Applicant).

<sup>7</sup> For a CO<sub>2</sub> budget source and each CO<sub>2</sub> budget unit at the source, the RGGI COATS Authorized Account Representative is the natural person who is authorized by the owners and operators of the source and all CO<sub>2</sub> budget units at the source, in accordance with the CO<sub>2</sub> Budget Trading Programs, to represent and legally bind each owner and operator in matters pertaining to the CO<sub>2</sub> Budget Trading Programs or, for a general account, the natural person who is authorized, under the CO<sub>2</sub> Budget Trading Programs, to transfer or otherwise dispose of CO<sub>2</sub> allowances held in the general account.

<sup>8</sup> For more information regarding compliance accounts, contact the state in which a CO<sub>2</sub> budget source is located (see Section 9).

While not required, it is recommended that the Applicant designate a SAAR. The SAAR does not have to be an employee of the Applicant. Once designated, the SAAR is authorized to (1) submit and cancel bids on behalf of the Applicant; (2) submit a Qualification Application on behalf of the Applicant; (3) submit an Intent to Bid on behalf of the Applicant; and (3) act on behalf of the Applicant in the remediation of the Qualification Application and/or any Intent to Bid. The SAAR receives a unique username and password for the Auction Platform. The SAAR also receives all communications regarding the Qualification Application, the Intent to Bid, all notices and documentation, and any other information related to a CO<sub>2</sub> Allowance Auction(s). The principal mode of communication is email.

The integrity of each CO<sub>2</sub> Allowance Auction depends on each Authorized Auction Representative safeguarding confidential information and passwords used in each CO<sub>2</sub> Allowance Auction. An Authorized Auction Representative can represent more than one (1) Applicant; however the Applicants must declare a direct or indirect Corporate or Bidding Association in the Qualification Application. Only a PAAR or SAAR may act on behalf of an Applicant in a CO<sub>2</sub> Allowance Auction. Both the PAAR and SAAR can submit bids concurrently during an auction and both can cancel any bid at their discretion, and the Auction Platform records who takes which action.

## **2.6 Qualification Application Review**

The Participating States will review each Qualification Application and grant or deny qualification in the following manner:

1. The RGGI Portal will automatically confirm a successful submission of each Qualification Application via email. If the Applicant does not receive an email confirmation that day, please contact the Auction Manager.
2. Failure to provide any required information will result in the Qualification Application being deemed incomplete or otherwise deficient. Each Applicant will be notified via email in accordance with the Auction Schedule whether or not its Qualification Application has been deemed incomplete or otherwise deficient, and the reason(s) for the determination.
3. The Applicant must remediate the Qualification Application in accordance with the Auction Schedule, such as providing additional information or fixing inconsistencies between associated Applicants. Failure to remediate the Qualification Application may result in the denial of qualification.
4. Each Participating State will make a determination to grant or deny each new Qualification Application.
5. Each Applicant will be notified via email in accordance with the Auction Schedule, as to whether its Qualification Application has been granted or denied.

## **2.7 Intent to Bid Submittal and Review**

To participate in the Auction, each Applicant must submit an Intent to Bid in accordance with the Auction Schedule and the instructions in the RGGI Portal – Training and Support Tutorial.

Each Participating State will determine the completeness and accuracy of each Intent to Bid as described below:

1. The RGGI Portal will automatically confirm submission of each Intent to Bid via email. If the Applicant does not receive an email confirmation that day, please contact the Auction Manager.

2. Failure to provide any required information will result in the Intent to Bid<sup>9</sup> being declared incomplete. Failure to submit a Qualification Application due to a material change will result in the Intent to Bid being deemed incomplete or otherwise deficient. Each Applicant will be notified via email in accordance with the Auction Schedule, whether or not its Intent to Bid has been deemed incomplete or otherwise deficient and the reason(s) for the determination. If the Applicant does not receive an email confirmation that day, please contact the Auction Manager.
3. In accordance with the Auction Schedule, the Applicant must:
  - A. Remediate the Intent to Bid, such as providing additional or complete information.
  - B. Remediate the Intent to Bid and/or submit a new Qualification Application by the remediation deadline, such as providing additional information or fixing inconsistencies between applications from associated applicants. Failure to remediate may result in the Applicant's Intent to Bid being deemed incomplete.
4. Each Participating State will make a determination as to the completeness of each Applicant's Intent to Bid.
5. Each Applicant will be notified via email in accordance with the Auction Schedule, as to whether its Intent to Bid is approved.

## **2.8 Potential Bidder**

Each Applicant that has been qualified and whose Intent to Bid has been approved is referred to as a "Potential Bidder."

## **2.9 Submittal of Financial Security**

To participate in the Auction, financial security, in United States dollars ("USD"), must be received in accordance with the Auction Schedule. The amount of financial security provided for the Auction will be used to set bidding limitations, as further explained below in Section 7.2.2.

Only three forms of financial security are acceptable: (1) a bond issued by a United States financial institution, (2) cash in the form of a wire transfer or certified funds, such as a certified bank check or cashier's check, or (3) an irrevocable letter of credit ("ILOC") issued by a financial institution with a United States banking license. Potential Bidders may combine any of these forms of financial security.

Interest will not be paid on any financial security provided. Each Potential Bidder should allow sufficient time for the delivery of financial security.

RGGI, Inc. acts as agent for the Participating States for the purpose of financial settlement for RGGI CO<sub>2</sub> allowance auctions. All cash financial security is held in an account at The Bank of New York Mellon controlled by RGGI, Inc., as agent for each Participating State and subject to the terms in the Auction Notice. As part of the financial settlement of each auction, excess cash financial security will be promptly returned to bidders.

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<sup>9</sup> Please note that for previously qualified applicants with Corporate or Bidding Associations, submission of a new Qualification Application by an associated applicant could impact the qualification status of the other associated applicants. In the event an associated applicant submits a new Qualification Application that specifies inconsistent information regarding Corporate or Bidding Associations, all the previously qualified associated applicants that submit a Qualification Application and/or Intent to Bid for Auction 47 will be sent a remediation notice.

The Auction Manager receives and maintains any ILOCs and bonds that are submitted as financial security on behalf of RGGI, Inc. As part of the financial settlement of each auction, unexecuted ILOC and bonds will be cancelled according to the instructions of bidders.

Throughout the remainder of this section the following terms apply:

- Financial Security Deadline: The financial security submission deadline is Wednesday, March 04, 2020, no later than 5:00 PM.
- Bond Expiration Date: The expiration date of the bond must be no earlier than Thursday, March 26, 2020.
- ILOC Expiration Date: The expiration date of the ILOC must be no earlier than Thursday, March 26, 2020.

### **2.9.1 Providing Financial Security by Bond**

The executable bond, issued by the financial institution, must be received by the Auction Manager in accordance with the Auction Schedule at the following address:

RGGI CO<sub>2</sub> Budget Trading Programs Auction Manager  
c/o Enel X North America, Inc.  
One Marina Park Drive, Suite 400  
Boston, MA 02210  
Phone: 703.795.8927

The form of bond is provided in Appendix A and on the Auction Website as a Microsoft Word document. No material changes will be permitted to the form of bond. To the extent the submitted bond differs from the form provided in the Auction Notice, the Potential Bidder assumes the risk that the bond may be rejected. The party named as “Principal” in the bond must be identical to the Applicant’s Qualification Application and Intent to Bid. The bond must comply with the Bond Expiration Date.

A courtesy copy of the bond in portable document format (“PDF”) should be sent, for information purposes only, to the Auction Manager at [auctionmanager.enelxnorthamerica@enel.com](mailto:auctionmanager.enelxnorthamerica@enel.com).

Bonds will be returned after they expire. Unless otherwise requested that a bond be returned, each bond with an expiration date extending beyond the Bond Expiration Date will continue to be held by RGGI, Inc. as valid financial security for any future CO<sub>2</sub> Allowance Auction.<sup>10</sup>

Applicants must provide information regarding their financial security through the RGGI Portal. Please refer to the RGGI Portal – Training and Support Tutorial for information on how to submit the financial security information.

### **2.9.2 Providing Financial Security by Cash (Wire Transfer)**

All potential bidders will be emailed the details for submitting cash by wire transfer, which must be received by The Bank of New York Mellon in accordance with the Financial Security Deadline. The cash wire details will include the Receiving Bank address, Originating Bank Information (“OBI Field”), Beneficiary name and account number, and ABA routing number. The

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<sup>10</sup> Provided such bond meets the minimum expiration date outlined in the applicable Auction Notice of the subsequent CO<sub>2</sub> Allowance Auction(s).

Potential Bidder is responsible for obtaining confirmation from its financial institution that The Bank of New York Mellon has received the financial security and deposited it in the proper account.

Each Potential Bidder submitting cash by wire transfer must provide information regarding their financial security through the RGGI Portal. Please refer to the RGGI Portal – Training and Support Tutorial for information on how to submit the financial security information. This information must be submitted on or before the day of the wire transfer and no later than the Financial Security Deadline, to ensure that the financial security is credited to the appropriate Potential Bidder:

Unused wire transfer balances will be returned via Automated Clearing House (“ACH”) credit in accordance with the Auction Schedule.

The Auction Manager may request that a newly qualified potential bidder submit just their bank account and American Bankers Association (“ABA”) routing number through the RGGI Portal prior to the Financial Security Deadline. Any such request will be communicated to the Applicant via email.

Each Potential Bidder should check with their financial institution to determine whether their account can receive an ACH credit. Accurate and complete ACH information is necessary to ensure the transaction is completed on a timely basis. If an ACH transaction fails, the Auction Manager will contact the bidder to resolve the issue. ACH transactions will be resubmitted no fewer than ten (10) business days after the first ACH transaction.

### **2.9.3 Providing Financial Security by Cash (Certified Funds)**

Certified funds in the form of a certified bank check or cashier's check must be received by the Auction Manager in accordance with the Financial Security Deadline at the following address:

RGGI CO<sub>2</sub> Budget Trading Programs Auction Manager  
c/o Enel X North America, Inc.  
One Marina Park Drive, Suite 400  
Boston, MA 02210  
Phone: 703.795.8927

All checks must be made out to “Regional Greenhouse Gas Initiative, Inc. As Agent” and will be deposited into RGGI, Inc.’s account at The Bank of New York Mellon. The financial security will be credited at the time the check clears.

Each Potential Bidder submitting cash by certified bank check or cashier's check must provide information regarding their financial security through the RGGI Portal. Please refer to the RGGI Portal – Training and Support Tutorial for information on how to submit the financial security information. This information must be submitted on or before the day the certified bank check or cashier's check is mailed to the Auction Manager and no later than 5:00 PM ET on the Financial Security Deadline to ensure that the financial security is credited to the appropriate Potential Bidder:

Unused cash balances will be returned via ACH credit in accordance with the Auction Schedule.

The Auction Manager may request that a newly qualified potential bidder submit just their bank account and ABA routing number through the RGGI Portal prior to the Financial Security Deadline. Any such request will be communicated to the Applicant via email.

Each Potential Bidder should check with their financial institution to determine whether their account can receive an ACH credit. Accurate and complete ACH information is necessary to ensure the transaction is completed on a timely basis. If an ACH transaction fails, the Auction Manager will contact the bidder to resolve the issue. ACH transactions will be resubmitted no fewer than ten (10) business days after the first ACH transaction.

#### **2.9.4 Providing Financial Security by Irrevocable Letter of Credit**

The executable ILOC, issued by the financial institution, must be received by the Auction Manager in accordance with the Auction Schedule at the following address:

RGGI CO<sub>2</sub> Budget Trading Programs Auction Manager  
c/o Enel X, Inc.  
One Marina Park Drive, Suite 400  
Boston, MA 02210  
Phone: 703.795.8927

The form of ILOC is provided in Appendix B and on the Auction Website as a Microsoft Word document. The Form of Irrevocable Letter of Credit, Appendix B, contains refined language. The original language in previous issuances of Appendix B, will also be accepted. No material changes will be permitted to the form of ILOC. To the extent the submitted ILOC differs from the form provided in the Auction Notice, the Potential Bidder assumes the risk that the submitted ILOC may be rejected. The party named as “Applicant” in the ILOC must be identical to that named in the Applicant’s Qualification Application and Intent to Bid. The ILOC must comply with the ILOC Expiration Date.

A courtesy copy of ILOC in PDF should be sent for information purposes only to the Auction Manager at [auctionmanager.enelxnorthamerica@enel.com](mailto:auctionmanager.enelxnorthamerica@enel.com).

ILOCs will be returned after they expire. Unless otherwise requested that an ILOC be returned, each ILOC with an expiration date extending beyond the ILOC Expiration Date will continue to be held by RGGI, Inc. as valid financial security for any future CO<sub>2</sub> Allowance Auction.<sup>11</sup>

Applicants must provide information regarding their financial security through the RGGI Portal. Please refer to the RGGI Portal – Training and Support Tutorial for information on how to submit the financial security information.

#### **2.10 Auction Participation Notification**

Each Potential Bidder that has successfully met the financial security requirements outlined in Section 2.9 may bid in the Auction. Each Potential Bidder will be notified in accordance with the Auction Schedule whether or not it is approved to participate. If the Applicant does not receive an email confirmation that day, please contact the Auction Manager.

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<sup>11</sup> Provided such ILOC meets the minimum expiration date outlined in the applicable Auction Notice of the subsequent CO<sub>2</sub> Allowance Auction(s).

### **3 Confidential Information**

Confidential Information includes, but is not limited to, qualification status, bidding strategy, bid price and/or bid quantity information, and information on financial security to the extent such information is not generally available to the public.

To maintain the integrity of the Auction, an Applicant may not publicly release Confidential Information regarding the Auction. If the Applicant has retained an advisor to assist the Applicant with bidding strategy in the Auction, who is providing similar assistance to another Applicant, or who will be privy to Confidential Information relative to any other Applicant, then the Applicant must ensure appropriate protections against the advisor serving as a conduit of information or coordination between or among Applicants.

An Applicant may designate information submitted in the Qualification Application and Intent to Bid to be confidential by checking the appropriate field in the Qualification Application and Intent to Bid contained in the RGGI Portal. Such designated information will be held confidential by the Participating States to the extent permitted by applicable state laws, except that after the close of the auction, the Participating States may release aggregate information concerning the Auction results as well as the names of potential bidders.

### **4 Limitation on Communication**

If the Applicant has entered into, or expects to enter into, a Corporate Association or Bidding Association as described in Sections 7.2.3.1 through 7.2.3.3, the Applicant must disclose that association on its Qualification Application and Intent to Bid forms and may not enter into any other Bidding Associations.

Applicants may not communicate Confidential Information with any party other than those identified as a Corporate Association or Bidding Association, except as requested by the Auction Manager to remediate a Qualification Application.

### **5 Market Monitor**

RGGI, Inc. has retained the services of an independent market monitor to monitor the auction, CO<sub>2</sub> allowance holdings, and CO<sub>2</sub> allowance transactions, among other activities. The market monitor will monitor bidder behavior in each auction and report to the Participating States any activities that may have a material impact on the efficiency and performance of the auction.

Any fraudulent, misleading, manipulative, collusive, or noncompetitive behavior, in a CO<sub>2</sub> Allowance Auction or in secondary markets may be investigated and prosecuted in accordance with any and all applicable regulations and laws.

### **6 Pre-auction Process**

This section describes pre-auction activities that will occur following the release of this Auction Notice.

#### **6.1 Auction Tutorials**

Tutorials focused on the auction format, the RGGI Portal, RGGI COATS, and the overall qualification process are available on the Auction Website, <https://www.rggi.org/auctions/auction-materials>.



## 6.2 Electronic Question Submittal

The Auction Website includes a link to submit questions and comments regarding the auction process. A blank email message, addressed to the Auction Manager, will be generated by clicking on the link. Questions can also be sent directly to [auctionmanager.enelxnorthamerica@enel.com](mailto:auctionmanager.enelxnorthamerica@enel.com), in accordance with the Auction Schedule. Email is the sole means to submit a question or comment regarding the Auction Notice, Qualification Application, and Intent to Bid.

To the extent any relevant questions are submitted that are not currently addressed in the Frequently Asked Questions (“FAQs”), the document will be updated and reposted on the Auction Website, <https://www.rggi.org/auctions/auction-materials>, in accordance with the Auction Schedule.

## 6.3 Auction Platform Username and Password

For new applicants, the PAAR and SAAR will be provided with username(s) and password(s) after completion of the general information section of the Qualification Application on the Auction Platform in order to complete the application process. Usernames and passwords do not expire and will provide continuous access to the Auction Platform. Note that access to the Auction Platform does not automatically provide access to bidding functions for the Auction; all other participation requirements must be met.

For any username and/or password issues, contact the Auction Manager at:

RGGI CO<sub>2</sub> Budget Trading Programs Auction Manager  
c/o Enel X North America, Inc.  
One Marina Park Drive, Suite 400  
Boston, MA 02210  
Phone: 703.795.8927  
Email: [auctionmanager.enelxnorthamerica@enel.com](mailto:auctionmanager.enelxnorthamerica@enel.com)

## 6.4 Auction Platform Training Sessions

Optional training on the Auction Platform will be provided only for Potential Bidders for each Auction, in accordance with the Auction Schedule. Potential Bidders may request a training session by contacting the Auction Manager. Training materials and directions on how to participate in the Auction Platform training will be provided prior to the training session.

## 7 Auction Process

This section provides information on how Auction 47 will be conducted.

### 7.1 Auction Overview

Auction 47 will be conducted using an electronic, internet-based platform that bidders will use to submit bids<sup>12</sup> in a uniform-price, sealed-bid auction format. All bids are ranked by bid price from high to low. Then, cumulative demand<sup>13</sup> is noted at each bid.

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<sup>12</sup> A bid consists of a price per CO<sub>2</sub> allowance, or bid price, and a quantity of CO<sub>2</sub> allowances, or bid quantity.

<sup>13</sup> Cumulative demand is the sum at each bid of the bid quantities of all bids with bid prices greater than or equal to the bid price of a particular bid, including the bid quantity of a particular bid.

Starting in 2014, the CCR mechanism was made available for RGGI Auctions. The CCR is designed to moderate the price of CO<sub>2</sub> allowances if the demand for allowances exceeds the Initial Offering. The CCR contains a number of CO<sub>2</sub> allowances in addition to the Initial Offering which, under certain circumstances, will be offered for sale (see Section 1.4, Tables 2 and 3).

The following steps detail the process to determine the results of the auction. The first step is the establishment of the interim clearing price. The second step determines whether any CCR allowances are released, the number to be released, and the final<sup>14</sup> clearing price. The third and final step entails awarding the CO<sub>2</sub> allowances.

#### Step 1: The Interim Clearing Price

The interim clearing price is determined using the ranked bids. There are two potential scenarios:

1. If total demand<sup>15</sup> is less than or equal to the Initial Offering, the interim clearing price will equal the minimum reserve price.
2. If total demand is greater than the Initial Offering, the interim clearing price will be the bid price of the marginal bid(s).<sup>16, 17</sup>

#### Step 2: CCR Allowances to be Released and the Final Clearing Price

The CCR Trigger Price and CCR quantity are provided in Section 1.2. When no CCR allowances are available for sale in an auction, the final clearing price is equal to the interim clearing price. If CCR allowances are available, the interim clearing price established under Step 1 will determine whether any CCR CO<sub>2</sub> allowances are released, the number of CCR CO<sub>2</sub> allowances to be released, and the final auction clearing price. There are two potential scenarios:

1. If the interim clearing price is less than or equal to the CCR Trigger Price, no CCR allowances are released and the final clearing price is equal to the interim clearing price.
2. If the interim clearing price is greater than the CCR Trigger Price, CCR allowances will be released for sale until either:
  - a. The final clearing price equals the CCR Trigger Price. Once this occurs, no more CCR allowances are released and the final clearing price equals the CCR Trigger Price.
  - b. The CCR is exhausted. The final clearing price is the bid price of the marginal bid(s).<sup>18</sup>

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<sup>14</sup> The per CO<sub>2</sub> allowance price at which all CO<sub>2</sub> allowances offered for sale in the auction will be sold.

<sup>15</sup> Total demand is the sum of the bid quantities of all bids in the auction.

<sup>16</sup> For Step 1, the marginal bid is the bid that causes cumulative demand for CO<sub>2</sub> Allowances to be greater than or equal to the Initial Offering. If multiple bids cause cumulative demand for CO<sub>2</sub> Allowances to be greater than or equal to the Initial Offering at the same price, then all of the tied bids are considered marginal bids.

<sup>17</sup> In the unlikely event that cumulative demand at the marginal bid(s) exactly equals the Initial Offering, the interim clearing price will be the bid price after the marginal bid(s).

<sup>18</sup> In the unlikely event that at Step 2 cumulative demand at the marginal bid(s) exactly equals the number of CO<sub>2</sub> Allowances offered for sale (Initial Offering plus CCR, if any), the final clearing price is the bid price of the bid after the marginal bid(s).

### Step 3: CO<sub>2</sub> Allowance Awards

Once the final clearing price has been established, CO<sub>2</sub> allowance awards are made using the ranked bids according to the following two scenarios:

1. If cumulative demand at the final clearing price equals the number of CO<sub>2</sub> allowances made available for sale (Initial Offering plus CCR, if any), then CO<sub>2</sub> allowances are awarded to all bids greater than or equal to the final clearing price, even if there are multiple bids with the same bid price.
2. If cumulative demand at the final clearing price does not equal the number of CO<sub>2</sub> allowances offered for sale (Initial Offering plus CCR, if any), then CO<sub>2</sub> allowances are awarded to all bids with bid prices greater than the final clearing price. In addition, CO<sub>2</sub> allowances are awarded to marginal bid(s) according to the following possible options.
  - a. If there is one marginal bid at the clearing price, that bid will be partially fulfilled with the remaining available supply.
  - b. If there are multiple marginal bids, the tie will be resolved by a random process (see information provided later in this Section and Section 7.1.1). Each tied marginal bid will be assigned a number that is randomly generated by a computer. CO<sub>2</sub> allowances will be awarded to bids in increasing order by the value of their assigned random number until remaining available supply is exhausted. If the last accepted tied marginal bid is for more CO<sub>2</sub> allowances than are available, that bid will be partially fulfilled with the remaining available supply.

Other features of Auction 47 are as follows:

- All bids that exist in the Auction Platform via bidder submission at the close of the auction will be considered binding offers and eligible for award. Contingent bids are not permitted.
- Each bid price must be submitted in dollars and whole cents.
- Each bid quantity must be submitted as a multiple of 1,000.
- Bidders can submit an unlimited number of bids; however, only one bid may be submitted for any given price.
- Bidders can cancel or change their bids at their discretion until the bidding window closes.

The acceptance of a bid by the Participating States constitutes a binding contract for the purchase of the awarded CO<sub>2</sub> allowances, subject to applicable state and federal law. As detailed in Section 8.1, the final clearing price for the Auction will be posted at <http://www.rggi.org> in accordance with the Auction Schedule. Immediately following posting of the final clearing price, bidders can log on to the Auction Platform (<https://rggi.exchange.apps.enelx.com>) to view the number of CO<sub>2</sub> allowances they have been awarded, if any. The total cost of the awarded CO<sub>2</sub> allowances represents the amount to be paid or drawn from the bidder's financial security.

Table 4 illustrates the bids from a uniform-price, sealed-bid auction format<sup>19</sup> for 100,000 CO<sub>2</sub> allowances. All bids are ranked by bid price from high to low and cumulative demand is noted at each bid.

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand
Bidder E	\$5.00	27,000	27,000
Bidder A	\$4.95	10,000	37,000
Bidder A	\$4.80	11,000	48,000
Bidder D	\$4.70	20,000	68,000
Bidder B	\$4.10	10,000	78,000
Bidder E	\$4.10	12,000	90,000
Bidder C	\$3.85	10,000	100,000
Bidder E	\$3.80	10,000	110,000
Bidder B	\$3.75	15,000	125,000
Bidder C	\$3.25	20,000	145,000
Bidder A	\$3.05	12,000	157,000
Bidder C	\$3.00	40,000	197,000
Bidder D	\$2.90	16,000	213,000
Bidder A	\$2.85	13,000	226,000

**Table 4: Uniform-price, Sealed-bid Auction Format Example**

Bidder C's bid for CO<sub>2</sub> allowances at \$3.85 causes cumulative demand to exactly equal the supply of CO<sub>2</sub> allowances offered for sale in the auction, so that bid is the marginal bid and the interim clearing price is the bid price of the bid after the marginal bid, or \$3.80 per CO<sub>2</sub> allowance. Provided that the interim clearing price does not exceed the CCR Trigger Price, the final clearing price will equal the interim clearing price and CO<sub>2</sub> allowances are awarded to all bids with bid prices greater than \$3.80 per CO<sub>2</sub> allowance, the final clearing price.

In summary, bidders would receive the following awards:

- Bidder A – 21,000 CO<sub>2</sub> allowances at a total cost of \$79,800.
- Bidder B – 10,000 CO<sub>2</sub> allowances at a total cost of \$38,000.
- Bidder C – 10,000 CO<sub>2</sub> allowances at a total cost of \$38,000.
- Bidder D – 20,000 CO<sub>2</sub> allowances at a total cost of \$76,000.
- Bidder E – 39,000 CO<sub>2</sub> allowances at a total cost of \$148,200.

Table 5 also illustrates the bids from a uniform-price, sealed-bid auction format,<sup>20</sup> but is designed to highlight the tiebreaking process as well as what happens when the number of CO<sub>2</sub> allowances offered for sale is not evenly divisible by 1,000. Therefore, this example is an auction for 100,100 CO<sub>2</sub> allowances. All bids are ranked by bid price from high to low and cumulative demand is noted at each bid.

<sup>19</sup> This is merely an example and the values and numbers used in the example were selected to illustrate the auction format and features and in no way should be interpreted as a forecast or opinion of any CO<sub>2</sub> Allowance Auction.

<sup>20</sup> See Footnote 19.

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand	Random Number
Bidder E	\$5.00	20,000	20,000	
Bidder A	\$4.50	10,000	30,000	
Bidder B	\$4.10	10,000	40,000	
Bidder D	\$4.05	20,000	60,000	
Bidder E	\$4.00	10,000	70,000	
Bidder A	\$3.95	10,000	80,000	
Bidder C	\$3.85	10,000	90,000	
Bidder E	\$3.75	10,000	125,000	(3)
Bidder D	\$3.75	5,000	125,000	(1)
Bidder A	\$3.75	10,000	125,000	(2)
Bidder B	\$3.75	10,000	125,000	(4)
Bidder A	\$3.25	30,000	155,000	
Bidder C	\$3.00	40,000	195,000	

**Table 5: Tiebreaking Process Example**

Bidder E, D, A, and B's bid for CO<sub>2</sub> allowances at \$3.75 causes cumulative demand to be greater than the supply of CO<sub>2</sub> allowances offered for sale in the auction, so these bids are the marginal bids and the interim clearing price is the bid price of the marginal bids, or \$3.75 per CO<sub>2</sub> allowance. Provided that the interim clearing price does not exceed the CCR Trigger Price, the final clearing price will equal the interim clearing price and CO<sub>2</sub> allowances are awarded to all bids with bid prices greater than \$3.75 per CO<sub>2</sub> allowance, the final clearing price.

In addition, the tie amongst the marginal bids, highlighted in blue, must be broken and awarded CO<sub>2</sub> allowances. Breaking the tie requires the generation of a random number that is assigned to each tied bid (see Section 7.1.1). The CO<sub>2</sub> allowances are awarded to each tied bidder in increasing order by the value of their assigned random number until no CO<sub>2</sub> allowances are left.

Bidder D received the random number 1; therefore the remaining CO<sub>2</sub> allowances are awarded to that bidder first. Bidder D's bid for 5,000 CO<sub>2</sub> allowances can be fully satisfied, leaving 5,100 CO<sub>2</sub> allowances to still be awarded. The bidder who received the random number 2 is Bidder A. Bidder A's bid for 10,000 CO<sub>2</sub> allowances cannot be fully satisfied, but the bid is awarded the remaining 5,100 CO<sub>2</sub> allowances. No other tied marginal bid would be awarded any CO<sub>2</sub> allowances since the remaining available supply is exhausted.

In summary, bidders would receive the following awards.

- Bidder A – 25,100 CO<sub>2</sub> allowances at a total cost of \$94,125.
- Bidder B – 10,000 CO<sub>2</sub> allowances at a total cost of \$37,500.
- Bidder C – 10,000 CO<sub>2</sub> allowances at a total cost of \$37,500.
- Bidder D – 25,000 CO<sub>2</sub> allowances at a total cost of \$93,750.
- Bidder E – 30,000 CO<sub>2</sub> allowances at a total cost of \$112,500.

Table 6 also illustrates the bids from a uniform-price, sealed-bid auction format,<sup>21</sup> but is designed to highlight the release of CO<sub>2</sub> allowances from the CCR, establishment of the interim and final clearing prices, and the award of allowances. This example is for a uniform-price,

<sup>21</sup> See Footnote 19.

sealed-bid auction format for 100,000 CO<sub>2</sub> allowances. The CCR is 100,000 CO<sub>2</sub> allowances and the CCR Trigger Price is \$4.00.

All bids are ranked by bid price from high to low and cumulative demand is noted at each bid.

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand	
Bidder E	\$6.00	27,000	27,000	
Bidder A	\$5.95	10,000	37,000	
Bidder A	\$5.80	11,000	48,000	
Bidder D	\$5.70	20,000	68,000	
Bidder B	\$5.10	10,000	78,000	
Bidder E	\$5.10	12,000	90,000	
Bidder C	\$4.85	10,000	100,000	
Bidder E	\$4.80	10,000	110,000	< Interim Clearing Price
Bidder B	\$4.75	15,000	125,000	
Bidder C	\$4.25	20,000	145,000	
Bidder A	\$4.05	12,000	157,000	
Bidder C	\$4.00	40,000	197,000	< Final Clearing Price
Bidder D	\$3.25	16,000	213,000	
Bidder A	\$3.15	13,000	226,000	

**Table 6: CCR CO<sub>2</sub> Allowance Release Example**

Bidder C's bid for CO<sub>2</sub> allowances at \$4.85 causes cumulative demand to exactly equal the Initial Offering (i.e., the CO<sub>2</sub> allowances that are offered for sale upon the opening of the auction), so that bid is the marginal bid. The interim clearing price is the bid price of the bid after the marginal bid, or \$4.80 per CO<sub>2</sub> allowance. Since the interim clearing price is above the CCR Trigger, additional CO<sub>2</sub> allowances are released from the CCR. 10,000 CO<sub>2</sub> allowances are released at the \$4.80 bid price, 15,000 CO<sub>2</sub> allowances are released at the \$4.75 bid price, 20,000 CO<sub>2</sub> allowances are released at the \$4.25 bid price, 12,000 CO<sub>2</sub> allowances are released at the \$4.05 bid price, and 40,000 CO<sub>2</sub> allowances are released at the \$4.00 bid price. In total, 97,000 CO<sub>2</sub> allowances are released from the CCR. After this release of CO<sub>2</sub> allowances, the final clearing price is \$4.00, which is the CCR Trigger Price. The increased supply of CO<sub>2</sub> allowances allows more cumulative demand to be met resulting in a lower final clearing price.

In summary, bidders would receive the following awards.

- Bidder A – 33,000 CO<sub>2</sub> allowances at a total cost of \$132,000.
- Bidder B – 25,000 CO<sub>2</sub> allowances at a total cost of \$100,000.
- Bidder C – 70,000 CO<sub>2</sub> allowances at a total cost of \$280,000.
- Bidder D – 20,000 CO<sub>2</sub> allowances at a total cost of \$80,000.
- Bidder E – 49,000 CO<sub>2</sub> allowances at a total cost of \$196,000.

### 7.1.1 Random Number Generation

The Auction Platform utilizes the built in random number generation capabilities of Microsoft.net, specifically, the random number generator implemented in Microsoft.net's Random class. Microsoft.net's random number generator, seeded with an integer representing the current time and date from the computer's system, will produce a sequence of random numbers

that meet the statistical requirements for randomness. A detailed description of the random number generating process is outlined below.

The current implementation of the Random class is based on Donald E. Knuth's subtractive random number generator algorithm. For more information, see D. E. Knuth, *The Art of Computer Programming, Volume 2: Seminumerical Algorithms*, Addison-Wesley, Reading, MA, second edition, 1981.

The random number generation starts from a seed value. If the same seed is used repeatedly, the same series of numbers is generated.<sup>22</sup> Therefore, the random number generator will be seeded with an integer representing the current time and date from the computer's system clock in order to produce a total number of random integers equal to the total number of tied bidders in a CO<sub>2</sub> Allowance Auction. This ensures that a different seed is used for each new instance of Random, i.e. each time it is necessary to break an auction tie. The integer representing the current time and date from the computer's system clock will be created using `DateTime.Now.Ticks`.<sup>23</sup> Since only one instance of Random will be created for each auction, concerns regarding the creation of multiple Random objects generating identical sequences of random numbers when called in close succession (due to the system clock being of finite resolution) are not present.

It is important to note that a computer cannot generate truly random numbers. Instead, the computer returns a series of numbers based on a mathematical relationship that simulates "randomness." The "randomness" exhibited by the numbers is a function of the mathematical formula used by the random number generator, which can be assessed against standard tests of randomness. That is why in the literature the output of a random number generator is typically referred to as "pseudo-random numbers." If a very long sequence of numbers ( $10^{23}$  or 10 trillion) is produced, eventually the sequence will repeat itself. So, while it is true that chosen numbers are not completely random because a definite mathematical algorithm is used to generate them, they are sufficiently random for practical purposes.

## **7.2 Bid Limitations**

The Auction Platform will automatically reject a bid that violates any of the bid limitations outlined below.

### **7.2.1 Minimum Reserve Price Bid Limitation**

The minimum reserve price is provided in Section 1.2. As specified in Participating State regulations, the minimum reserve price in calendar year 2014 was \$2.00. Each calendar year thereafter, the minimum reserve price is 1.025 multiplied by the minimum reserve price from the previous calendar year, rounded to the nearest whole cent. The 2019 minimum reserve price was \$2.26.

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<sup>22</sup> <https://docs.microsoft.com/en-us/dotnet/api/system.random?view=netframework-4.7.2>. Last accessed Friday, January 10, 2020.

<sup>23</sup> A single tick represents one hundred nanoseconds or one ten-millionth of a second. The value of this property represents the number of 100-nanosecond intervals that have elapsed since 12:00:00 midnight, January 1, 001, which represents `DateTime.MinValue`. <https://docs.microsoft.com/en-us/dotnet/api/system.datetime.ticks?view=netframework-4.7.2>. Last accessed Friday, January 10, 2020.



The Auction Platform will automatically reject any bid entered with a bid price lower than the minimum reserve price.

### 7.2.2 Financial Security Bid Limitation

The value of a bidder's bids cannot exceed the amount of a bidder's financial security allocated to the auction. The value of a bidder's bids is the maximum value the bidder would be liable to pay in a uniform-price auction format. To calculate this value, bidder's bids are ranked by bid price from high to low and their individual cumulative demand is noted at each bid price. Each bid price is multiplied by the bidder's individual cumulative demand at that bid price to calculate a bid value. The largest bid value calculated and therefore the maximum cost, is the total value of the bidder's bids and is counted against the financial security bid limit. The Auction Platform will automatically reject a bid that would cause the maximum bid value of a bidder's bids to exceed the amount of a bidder's financial security.

This example in Table 7 demonstrates the way the value of a bidder's bids is calculated, using the bids from Table 4 to assist bidders in determining how much financial security they should submit.

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand		Bid Value at each Bid Price
Bidder A	\$4.99	10,000	10,000	If this bid is accepted, Bidder A wins 10,000 CO <sub>2</sub> allowances and pays at most \$4.99 per CO <sub>2</sub> allowance	\$49,900.00
Bidder A	\$4.95	11,000	21,000	If this bid is accepted, Bidder A wins 21,000 CO <sub>2</sub> allowances and pays at most \$4.95 per CO <sub>2</sub> allowance	\$103,950.00 ←
Bidder A	\$3.05	12,000	33,000	If this bid is accepted, Bidder A wins 33,000 CO <sub>2</sub> allowances and pays at most \$3.05 per CO <sub>2</sub> allowance	\$100,650.00
Bidder A	\$2.55	7,000	40,000	If this bid is accepted, Bidder A wins 40,000 CO <sub>2</sub> allowances and pays at most \$2.55 per CO <sub>2</sub> allowance	\$102,000.00
				<b>Bidder A's maximum bid value is counted against the financial security bid limitation</b>	<b>\$103,950.00</b>
Bidder B	\$4.10	10,000	10,000	If this bid is accepted, Bidder B wins 10,000 CO <sub>2</sub> allowances and pays at most \$4.10 per CO <sub>2</sub> allowance	\$41,000.00
Bidder B	\$3.75	15,000	25,000	If this bid is accepted, Bidder B wins 25,000 CO <sub>2</sub> allowances and pays at most \$3.75 per CO <sub>2</sub> allowance	\$93,750.00 ←
				<b>Bidder B's maximum bid value is counted against the financial security bid limitation</b>	<b>\$93,750.00</b>



Bidder Name	Bid Price	Bid Quantity	Cumulative Demand		Bid Value at each Bid Price
Bidder C	\$3.85	10,000	10,000	If this bid is accepted, Bidder C wins 10,000 CO <sub>2</sub> allowances and pays at most \$3.85 per CO <sub>2</sub> allowance	\$38,500.00
Bidder C	\$3.25	20,000	30,000	If this bid is accepted, Bidder C wins 30,000 CO <sub>2</sub> allowances and pays at most \$3.25 per CO <sub>2</sub> allowance	\$97,500.00
Bidder C	\$3.00	40,000	70,000	If this bid is accepted, Bidder C wins 70,000 CO <sub>2</sub> allowances and pays at most \$3.00 per CO <sub>2</sub> allowance	\$210,000.00 ←
				<b>Bidder C's maximum bid value is counted against the financial security bid limitation</b>	<b>\$210,000.00</b>
Bidder D	\$4.70	20,000	20,000	If this bid is accepted, Bidder D wins 20,000 CO <sub>2</sub> allowances and pays at most \$4.70 per CO <sub>2</sub> allowance	\$94,000.00 ←
Bidder D	\$2.50	16,000	36,000	If this bid is accepted, Bidder D wins 36,000 CO <sub>2</sub> allowances and pays at most \$2.50 per CO <sub>2</sub> allowance	\$90,000.00
				<b>Bidder D's maximum bid value is counted against the financial security bid limitation</b>	<b>\$94,000.00</b>
Bidder E	\$5.00	27,000	27,000	If this bid is accepted, Bidder E wins 27,000 CO <sub>2</sub> allowances and pays at most \$5.00 per CO <sub>2</sub> allowance	\$135,000.00
Bidder E	\$4.10	12,000	39,000	If this bid is accepted, Bidder E wins 39,000 CO <sub>2</sub> allowances and pays at most \$4.10 per CO <sub>2</sub> allowance	\$159,900.00
Bidder E	\$3.80	10,000	49,000	If this bid is accepted, Bidder E wins 49,000 CO <sub>2</sub> allowances and pays at most \$3.80 per CO <sub>2</sub> allowance	\$186,200.00 ←
				<b>Bidder E's maximum bid value is counted against the financial security bid limitation</b>	<b>\$186,200.00</b>

**Table 7: Maximum Bid Value of Bidder's Bids Example**

In summary, the following illustrates the value of each bidder's bids counted against their financial security bid limitation.

- Bidder A – \$103,950.00.
- Bidder B – \$93,750.00.
- Bidder C – \$210,000.00.
- Bidder D – \$94,000.00.
- Bidder E – \$186,200.00.

### 7.2.3 Quantity of CO<sub>2</sub> Allowances Bid Limitation

The maximum number of CO<sub>2</sub> allowances that any Applicant, or group of associated applicants, may bid for in a single auction is 25% of the Initial Offering. Such limitations shall not be increased by CCR allowances.

Bid limitations and Corporate and Bidding Associations will remain in effect until changed.

Any change to the previously disclosed Corporate or Bidding Associations, including changes to bid limitations, constitutes a material change requiring the filing of a new Qualification Application.

Each Applicant must comply with Section 4 (Limitation on Communication). Applicants are associated if they have ties that could allow them to act in concert or that could prevent them from competing actively against each other in a CO<sub>2</sub> Allowance Auction. Corporate and Bidding Associations that must be reported in the Qualification Application are listed below. Failure to disclose any of these types of associations may result in denial or revocation of an Applicant's qualification status.

The Auction Platform will automatically reject any bid that would cause the quantity of a bidder's bids to exceed the amount allowed by Corporate and Bidding Associations.

#### 7.2.3.1 Identifying Direct and Indirect Corporate Associations

Corporate Associations, which can either be direct or indirect, must be reported in the Qualification Application.

- An Applicant has a “direct Corporate Association” with another Applicant if one of the Applicants:
  - Holds more than 20% of any class of listed shares, the right to acquire such shares, or any option to purchase such shares of the other Applicant
  - Holds or can appoint more than 20% of common directors of the other Applicant
  - Holds more than 20% of the voting power of the other ApplicantControls the other Applicant's affairs through some other means, for example, the terms of a general partnership agreement
- An Applicant has an “indirect Corporate Association” with another Applicant if one of these Applicants has a direct Corporate Association with another party that has a direct Corporate Association with the other Applicant in question, or through a longer line of direct Corporate Associations. To determine whether an indirect Corporate Association must be disclosed based on an Applicant's percentage of ownership; the percentage ownership of the Applicant in the other Applicant is obtained by multiplying the percentages of ownership at each level and must be more than 20%.

If the Applicant has a direct or indirect Corporate Association, it must be disclosed in the Qualification Application. This disclosure includes, but is not limited to, a corporate parent, subsidiary, or sister company. For direct or indirect Corporate Associations, the information that must be disclosed in the Qualification Application includes:

- The name of the Applicant with which the Applicant has a direct or indirect Corporate Association

- Bid limitation, % (see Section 7.2.3.2); and,
- The type of Corporate Association (i.e., direct or indirect) and a brief description of the association, which may include the following:
  - Corporate parent
  - Subsidiary
  - Sister company
  - Partnership
  - Other (provide a concise description)

### **7.2.3.2 Use of Direct and Indirect Corporate Associations**

The apportionment of the 25% quantity of CO<sub>2</sub> allowance bid limitation among bidders with a Corporate Association, as submitted in each bidder's approved Qualification Application, will be used to limit the quantity of CO<sub>2</sub> allowances bid by each of the bidders with a Corporate Association. The 25% limitation applies to each group of corporately associated applicants an Applicant is a part of. An Applicant that is in more than one group of corporately associated Applicants must separately allocate the 25% bid limitation among the Applicants in each group. In the event the Applicant is in one or more groups of corporately associated Applicants, the Applicant's self-reported bid limitation percentage must be identical to the bid limitation percentage reported for that Applicant by the other corporately associated Applicants in their Qualification Applications.

Bid limitations will not be adjusted after a Qualification Application has been approved and will remain static during each auction unless the Applicant updates and submits a Qualification Application for a subsequent auction.

The FAQs include an example of how Corporate Associations are used.

### **7.2.3.3 Identifying Bidding Associations**

Bidding Associations must be reported in the Qualification Application.

- An Applicant has a "Bidding Association" with another party if it:
  - a) Has agreed to provide assistance with financing to the other party; or
  - b) Is partnered with the other party for bidding purposes; or
  - c) Has entered into any explicit or implicit agreements, arrangements, or understandings of any kind relating to the CO<sub>2</sub> allowances offered for sale at auction with the other party; or
  - d) Shares or expects to share Confidential Information with the other party.

A Bidding Association exists where the Applicant and another party have agreed in principle, regardless of whether the agreement has been reduced to writing. The Applicant must identify the other party or parties in its Qualification Application, and the purpose of the association, including how the Bidding Association meets one or more of the above criteria.

An arrangement by an Applicant with another party for the provision of auction-related logistical or clerical services that will not include the exchange of Confidential Information is not considered a Bidding Association and need not be reported.

As set forth in Section 4 above, after the Qualification Application and Intent to Bid submittal deadline, an Applicant may not communicate Confidential Information with any other Applicant or party that has not been disclosed in its Qualification Application, except as requested by the Auction Manager to remediate a Qualification Application.

For all Bidding Associations, the information that must be disclosed in the Qualification Application includes:

- The type of Bidding Association described in a, b, c, d, or e above
- The name of the other party or parties
- Whether the other party is another Applicant or not, which is either “Yes” or “No”
- The position in the transaction, which is either “Purchaser” or “Recipient”
- The quantity or percentage of CO<sub>2</sub> allowances covered by the Bidding Association

#### **7.2.3.4 Use of Bidding Associations**

The maximum number of CO<sub>2</sub> allowances that any Applicant may bid on in a single auction is 25% of the CO<sub>2</sub> allowances offered for sale in that auction.

Accordingly, if the Applicant has a Bidding Association with another Applicant under which either Applicant (the “Purchaser”) is authorized to bid on CO<sub>2</sub> allowances on behalf of the other (the Recipient”) the information provided in each Applicant’s approved Qualification Application will be used to limit the quantity of CO<sub>2</sub> allowances that may be bid by the Recipient. For instance, if the Qualification Application indicate that Applicant A is authorized to bid for 1 million CO<sub>2</sub> allowances on behalf of Applicant B, the maximum number of CO<sub>2</sub> allowances that Applicant B may bid will be reduced by 1 million. If the purchasing authorization is expressed as a percentage, rather than a number quantity, the maximum 25% bid limitation will be apportioned between the Applicants. The number of allowances or the percentage that may be bid by the Applicant must be identical on the Qualification Applications of the associated Applicants. As set forth in Section 4, communication of Confidential Information is limited to the specific number of CO<sub>2</sub> allowances that are the subject of the Bidding Association.

If a Bidding Association exists that does not involve a specific number or percentage of CO<sub>2</sub> allowances, the 25% bid limitation will be apportioned between the associated Applicants.

Bid limitations will not be adjusted after a Qualification Application has been approved and will remain static during each auction unless the Applicant files a Qualification Application with a material change for a subsequent auction.

The FAQs include an example of how Bidding Associations are used.

### **7.3 Auction Window**

Each Auction will open at 9:00 AM and close at 12:00 PM ET in accordance with the Auction Schedule. Bidders will be able to log on to the Auction Platform prior to this and view the details of the auction; however, bids may only be submitted between 9:00 AM and 12:00 PM ET.

## **8 Post-auction Process**

### **8.1 Release of the Auction Final Clearing Price**

The final clearing price for each Auction will be posted at <https://www.rggi.org/> at 10:00 AM in accordance with the Auction Schedule. In the event of a delay, a message will be posted at <https://www.rggi.org/> providing the new time for the release. Immediately following the posting of the final clearing price, bidders can log on to the Auction Platform (<https://rggi.exchange.apps.enelx.com/>). Each bidder will see the number of CO<sub>2</sub> allowances it has been awarded, if any.

### **8.2 Financial Settlement**

Financial settlement of each Auction will commence immediately after release of the final clearing price. The Auction Platform provides each bidder with the total cost of the awarded CO<sub>2</sub> allowances, if any. This amount represents the amount to be paid or drawn from the bidder's financial security. Each key financial settlement event and activity is discussed below.

#### **8.2.1 Optional Cash (Wire Transfer) Settlement**

Each bidder who submits an ILOC or bond will be provided an opportunity to settle its award transaction(s) with cash via a wire transfer in USD rather than a draw against their ILOC and/or bond. Wire transfers must be in USD and must be received by The Bank of New York Mellon no later than 5:00 PM in accordance with the Auction Schedule. The details for submitting cash by wire transfer are emailed to all potential bidders no later than 5:00 PM in accordance with the Auction Schedule. If a wire transfer for the full award amount is received by the time and date deadline, a bidder's ILOC and/or bond will not be drawn against. Any amount of an award(s) not settled via cash with a wire transfer will be settled through a draw on the submitted ILOC or bond in accordance with the Auction Schedule.

No action is required if a bidder wishes settlement to be made by drawing against their ILOC or bond.

#### **8.2.2 Return of Financial Security**

See Sections 2.9.1 through 2.9.4 for information about how each type of financial security is returned after each Auction.

### **8.3 CO<sub>2</sub> Allowance Transfer**

CO<sub>2</sub> allowances will be transferred to each winning bidder's RGGI COATS account in accordance with the Auction Schedule. All winning bidders will be notified via email when this transfer is complete.

CO<sub>2</sub> allowances will be transferred in lots. For Auction 47, the Initial Offering will consist of 16,208 lots of 1,000 CO<sub>2</sub> allowances and one lot of 347 CO<sub>2</sub> allowances.<sup>24</sup> Each lot will consist of CO<sub>2</sub> allowances from each Participating State closely in proportion to the percentages outlined in Table 2. The lot of 347 CO<sub>2</sub> allowances is the final lot awarded and the bidder awarded this lot pays 347 times the final clearing price for this lot.

A bidder will not be able to specify which lot(s) will be transferred.

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<sup>24</sup> If the CCR is triggered, each winning bidder will receive a pro rata share of the released CCR allowances.

## 9 Participating States Contact Information

For further information about a particular state's participation in Auction 47, please use the contact information in Table 8. For questions regarding the auction process, see Section 6.2.

State	Contact Information
Connecticut	Dino Pascua <a href="mailto:ferdinand.pascua@ct.gov">ferdinand.pascua@ct.gov</a> 860.827.2633
Delaware	Christian Wisniewski <a href="mailto:christian.wisniewski@delaware.gov">christian.wisniewski@delaware.gov</a> 302.323.4542
Maine	Erle Townsend <a href="mailto:erle.townsend@maine.gov">erle.townsend@maine.gov</a> 207.287.6115
Maryland	Luke Wisniewski <a href="mailto:luke.wisniewski@maryland.gov">luke.wisniewski@maryland.gov</a> 410. 537.4231
Massachusetts	Rachel Evans <a href="mailto:rachel.evans@state.ma.us">rachel.evans@state.ma.us</a> 617.626.7326
New Hampshire	Joe Fontaine <a href="mailto:joseph.fontaine@des.nh.gov">joseph.fontaine@des.nh.gov</a> 603.271.6794
New Jersey	Bob Kettig <a href="mailto:robert.kettig@dep.nj.gov">robert.kettig@dep.nj.gov</a> 609.633.0538
New York	Frank Ciampa <a href="mailto:frank.ciampa@nyserda.ny.gov">frank.ciampa@nyserda.ny.gov</a> 518.862.1090
Rhode Island	Dena Gonsalves <a href="mailto:dena.gonsalves@dem.ri.gov">dena.gonsalves@dem.ri.gov</a> 401.222.2808 x7017
Vermont	Mary Jo Krolewski <a href="mailto:Mary-Jo.Krolewski@vermont.gov">Mary-Jo.Krolewski@vermont.gov</a> 802.828.1171

**Table 8: Contact Information**

## **Appendix A – Form of Bid Bond**

The form of bond is provided in this appendix. A Potential Bidder providing financial security with a bond must send this completed form to:

RGGI CO<sub>2</sub> Budget Trading Programs Auction Manager  
c/o Enel X North America, Inc.  
One Marina Park Drive, Suite 400  
Boston, MA 02210  
Phone: 703.795.8927

See Section 2.9.1 for more information.

## Bid Bond Form

BY THIS BOND

\_\_\_\_\_ as Principal, and

Name of Bidder

\_\_\_\_\_  
Name of Surety

\_\_\_\_\_  
Legal Title of Surety

\_\_\_\_\_  
Address of Surety

as Surety ("the Surety"), are held and firmly bound unto RGGI, Inc., as Obligee in the sum of \_\_\_\_\_ ("the Bond Penalty"), for the payment of which sum, well and truly to be made, we, the said Principal and Surety, bind ourselves, our successors and assigns, jointly and severally, firmly by these presents.

WHEREAS the Principal has submitted a Qualification Application, dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, to the Auction Manager acting on behalf of RGGI, Inc., to become a Potential Bidder in the CO<sub>2</sub> Allowance Auction.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that if the Principal has a winning bid(s) in the CO<sub>2</sub> Allowance Auction and fails to satisfy its financial obligations by transferring sufficient funds by the time and date deadline in the CO<sub>2</sub> Allowance Auction Notice; then within two (2) business days of receipt of written demand from RGGI, Inc., the Surety shall pay, in immediately available funds, the demanded portion of the Bond, up to its full amount. The written demand of RGGI, Inc. shall include (a) the dollar amount to be forfeited; (b) a statement that the demand arises from the occurrence of the above condition; and (c) RGGI, Inc.'s banking instructions for payment. Any demand to the Surety for payment of all or part of the Bond Penalty must be dated and sent by overnight courier to the specified address for receipt on or before Thursday, March 18, 2020.

The Surety and the Principal hereby agree that their obligation will remain in full force until Thursday, March 26, 2020.

Thereafter this Bond shall be void.

This Bond shall be construed and interpreted in accordance with and governed by the laws of the State of New York, without regard to choice-of-law principles. The Principals and Surety waive trial by jury and consent to the jurisdiction of the state and federal courts of New York for any action relating to this Bond.

IN TESTIMONY WHEREOF, the Principal and the Surety have caused these presents to be executed in their respective names this \_\_\_\_ day of \_\_\_\_\_ 20\_\_.

Principal: \_\_\_\_\_  
Corporate Seal (where appropriate)

Surety: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed name and title

\_\_\_\_\_  
Printed name and title



I hereby certify that the Surety has an insurer financial strength rating of at least "A" by Standard & Poor's or insurance financial strength rating of at least "A2" by Moody's.

Surety: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed name and title

## **Appendix B – Form of Irrevocable Letter of Credit**

The form of ILOC is provided in this appendix. A Potential Bidder providing financial security with an ILOC must send this completed form to:

RGGI CO<sub>2</sub> Budget Trading Programs Auction Manager  
c/o Enel X North America, Inc.  
One Marina Park Drive, Suite 400  
Boston, MA 02210  
Phone: 703.795.8927

See Section 2.9.4 for more information.

## Form of Irrevocable Letter of Credit

Irrevocable Letter Of Credit No. \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_

Beneficiary:

RGGI, Inc.  
90 Church Street, 4th Floor  
New York, NY 10007

Ladies and Gentlemen:

By The Order Of:

[Applicant]

[Applicant's Address]

1. We hereby establish in your favor this Irrevocable Letter of Credit (this "Letter of Credit") for the account of \_\_\_\_\_ (the "Applicant"), in the amount of USD \$\_\_\_\_\_, effective immediately and available to you at sight upon demand by you at our counters at \_\_\_\_\_ (Location) and expiring on \_\_\_\_\_ [expiration date must be no earlier than Thursday, March 26, 2020], unless terminated earlier in accordance with the provisions hereof or otherwise extended.
2. This Letter of Credit is issued at the request of the Applicant, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 12 hereof. This Letter of Credit may be drawn by presenting the following documents:
  - a. Your Sight Draft drawn on us in the form of Annex 1 hereto (the "Sight Draft"); and
  - b. A dated Payment Certificate signed by your duly authorized officer in the form of Annex 2 hereto (the "Payment Certificate").
3. Demands presented by facsimile (to facsimile number \_\_\_\_\_) are acceptable: provided that if any such demand is presented by facsimile and confirmed by telephone to \_\_\_\_\_.
4. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (New York, New York time ) on such Business Day to \_\_\_\_\_ (Bank), \_\_\_\_\_.
5. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the Sight Draft delivered to us in connection with such drawing to

such account at such bank in the United States as you may specify in your Sight Draft delivered to us pursuant to Paragraph 4 hereof, by 5:00 P.M. (New York, NY time) on the next Business Day of such drawing if delivery of the requisite documents are made prior to 11:00 A.M. (New York, NY time) on a Business Day pursuant to Paragraph 3 hereinabove, or at the opening of business on the second Business Day succeeding the date of such drawing if delivery of the requisite documents are made on or after 11:00 A.M. (New York, NY time) on any Business Day pursuant to Paragraph 4 hereinabove.

6. Only you may make any Payment Certificate and Sight Draft under this Letter of Credit.

7. All bank charges including but not limited to, fees or commissions, shall be for Applicant's account.

8. This Letter of Credit shall automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, and (iii) the above-stated expiration date hereof.

9. As used herein:

"Applicant" shall mean an Applicant to the CO<sub>2</sub> Allowance Auction who has successfully completed the CO<sub>2</sub> Allowance Auction Qualification Application.

"Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fedwire system.

10. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, this Letter Of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 revision), International Chamber Of Commerce Publication 600 (Provided, however, that drawings permitted hereunder shall not be deemed to be drawings by installments within Article 32 of the UCP) and as to matters not governed by the UCP, shall be governed by and construed in accordance with the laws of the State of New York and applicable U.S. Federal Law.

11. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

12. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit. Partial drawings are permitted hereunder.

13. We hereby agree with you that each duly completed Sight Draft and Payment Certificate drawn under and in compliance with the terms of this Letter of Credit will be duly honored upon presentation to us on or before the expiry date. Our obligation under this

Letter of Credit is our individual obligation, and is in no way contingent upon reimbursement with respect thereto.

14. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.
15. This original Letter of Credit has been sent to you c/o Enel X North America, Inc., One Marina Park Drive, Suite 400, Boston, MA 02210. The aggregate amount paid to you during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit.

Very truly yours,

[Signature]

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Issuing Bank Name]

[Issuing Bank Address]

## Annex 1 Irrevocable Letter of Credit

### Sight Draft

Letter of Credit No.: \_\_\_\_\_

Date of Letter of Credit: \_\_\_\_\_

Date of Draft: \_\_\_\_\_

To: (Bank)

(Address)

Attention: \_\_\_\_\_

For Value Received

Pay on Demand to: RGGI, Inc., U.S. \_\_\_\_\_ Dollars (U.S. \$\_\_\_\_\_). The amount of this draft does not exceed the amount available to be drawn by the Beneficiary under the Letter of Credit.

We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Charge to account of [Applicant].

Drawn under [Name of Bank] Letter of Credit No. \_\_\_\_\_.

Funds to be wired to:

ABA Routing Number: \_\_\_\_\_

Receiving Bank: \_\_\_\_\_

Beneficiary: \_\_\_\_\_

Originating Bank  
Information (OBI Field): \_\_\_\_\_

Very truly yours,

RGGI, Inc.

By \_\_\_\_\_

Name:

Title:

Date:

**Annex 2 Irrevocable Letter of Credit  
Payment Certificate**

To:

[Issuing Bank]

[Address]

Re: Irrevocable Letter of Credit No: \_\_\_\_\_ [Insert]

The undersigned, a duly authorized officer of the undersigned Beneficiary, hereby certifies to [Issuing Bank], with reference to the Irrevocable Letter of Credit No: [Insert] ("Letter of Credit"), that the Applicant has winning bid(s) in the CO<sub>2</sub> Allowance Auction and RGGI, Inc. is authorized and entitled to draw any amount up to the maximum allowed by the attached Letter of Credit.

The terms used herein which are not specifically defined herein are defined in the Letter of Credit, a copy of which is annexed hereto.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Payment Certificate as of the \_\_\_\_ day of \_\_\_\_\_.

Very truly yours,

RGGI, Inc.

By \_\_\_\_\_

Name:

Title:

Date:

**Annex 3 Irrevocable Letter of Credit**  
**Certificate of Expiration**

Letter of Credit No.: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_

To:            (Bank)  
                 (Address)

Attention:     \_\_\_\_\_

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

Very truly yours,

RGGI, Inc.

By \_\_\_\_\_  
Name:  
Title:  
Date:

cc:            \_\_\_\_\_ (Applicant)