

Regional Greenhouse Gas Initiative

Auction Bidder Webinar

July 24, 2008

2:00 - 4:00 pm EDT



Webinar Outline

- Schedule
- Participation Requirements
- Review Process
 - Qualification Application
 - Intent to Bid
- Auction Overview
- Auction Procedures
- Auction Examples
- Opening a RGGI CO₂ Allowance Tracking System Account
- Forms to be submitted
 - Qualification Application
 - Intent to Bid

First Auction

- September 25, 2008 (9am - 12pm)
- 12,565,387 CO₂ allowances available
- Reserve price of \$1.86 per CO₂ allowance
- Only 2009 allocation year CO₂ allowances available in first auction

Bidder Preparations

- Auction guidance & materials at <http://www.rggi.org/auctions>
- All bidders must qualify
- “60 days” to provide adequate time to process applications and arrange for financial security
- Online question window
 - Send questions to: auctionmanager@worldenergy.com
 - Open July 24-30, 2008
 - Responses posted no later than August 6, 2008

State Participation

- All ten states involved in implementing the auction process
- Six states offering CO₂ allowances in Sept. 25 auction
 - CT, ME, MD, MA, RI, VT

Dates to Remember

- August 8 – Qualification applications due
- September 18 – Financial security deposits due
- Bidder training webinars
 - Session 1 – September 12
 - Session 2 – September 16

Schedule [1]

Event	Time and Date
Release CO ₂ Allowance Auction Notice for CO ₂ Allowance Auction 1 on September 25, 2008	No later than 8:00 AM EDT Thursday, July 24, 2008
Release CO ₂ Allowance Auction Qualification Application – Version 1	No later than 8:00 AM EDT Thursday, July 24, 2008
Release CO ₂ Allowance Auction Intent to Bid for CO ₂ Allowance Auction 1 on September 25, 2008	No later than 8:00 AM EDT Thursday, July 24, 2008
Online question window opens	8:00 AM EDT Thursday, July 24, 2008
RGGI CO ₂ Allowance Tracking System begins accepting applications for general accounts	No later than 8:00 AM EDT Thursday, July 24, 2008
Bidder webinar	2:00 PM EDT to 4:00 PM EDT Thursday, July 24, 2008
Online question window closes	5:00 PM EDT Wednesday, July 30, 2008
Responses to submitted online questions posted	No later than 8:00 AM EDT Wednesday, August 6, 2008
Completed CO ₂ Allowance Auction Qualification Application – Version 1 received by the RGGI CO ₂ Budget Trading Programs Auction Manager	No later than 5:00 PM EDT Friday, August 8, 2008

Schedule [2]

Event	Time and Date
Completed CO ₂ Allowance Auction Intent to Bid for CO ₂ Allowance Auction 1 on September 25, 2008 received by the RGGI CO ₂ Budget Trading Programs Auction Manager	No later than 5:00 PM EDT Friday, August 8, 2008
Details of any necessary remediation of CO ₂ Allowance Auction Qualification Application – Version 1 sent to applicants	No later than 5:00 PM EDT Friday, August 15, 2008
Remediated CO ₂ Allowance Auction Qualification Application – Version 1 received by the RGGI CO ₂ Budget Trading Programs Auction Manager	No later than 5:00 PM EDT Friday, August 29, 2008
Qualification status sent to applicants	No later than 5:00 PM EDT Wednesday, September 10, 2008
Distribution of usernames & passwords to qualified applicants	No later than 5:00 PM EDT Wednesday, September 10, 2008
Auction Platform training session #1	1:00 PM EDT to 3:00 PM EDT Friday, September 12, 2008
Auction Platform training session #2	1:00 PM EDT to 3:00 PM EDT Tuesday, September 16, 2008
Financial security due	No later than 5:00 PM EDT Thursday, September 18, 2008

Schedule [3]

Event	Time and Date
Auction participation status sent to qualified applicants	No later than 5:00 PM EDT Monday, September 22, 2008
CO ₂ Allowance Auction 1	9:00 AM EDT to 12:00 PM EDT Thursday, September 25, 2008
Auction results sent to bidders	No later than 5:00 PM EDT Monday, September 29, 2008
Optional cash settlement	No later than 5:00 PM EDT Thursday, October 2, 2008
Unused cash security returned to bidders	No later than 5:00 PM EDT Friday, October 3, 2008
Allowance transfer and confirmation	No later than 5:00 PM EDT Wednesday, October 8, 2008

Participation Requirements

- Open general account in the RGGI CO₂ Allowance Tracking System (RGGI COATS)
- Submit *CO₂ Allowance Auction Qualification Application – Version 1* and
 - Become qualified by each of the states in Auction 1
- Submit *CO₂ Allowance Auction Intent to Bid for CO₂ Allowance Auction 1 on September 25, 2008;*
- Submit financial security
 - Have it approved by each of the states in Auction 1

Qualification Application Review and Determination [1]

- Monday, August 11, 2008
 - Applicants notified by 5:00 PM EDT via email that the Qualification Application has been received
- Friday, August 15
 - Applicants notified via email by 5:00 PM EDT whether Qualification Application is incomplete or deficient
 - If incomplete or otherwise deficient, communication will provide the reason(s) for the determination
- Friday August 29, 2008
 - Applicant will be given until 5:00 PM EDT to remediate the Qualification Application

Qualification Application Review and Determination [2]

- Each state offering CO₂ allowances for sale in Auction 1 will review each applicant's Qualification Application and make a determination as to grant or deny qualification to each applicant
- Wednesday, September 10, 2008
 - Applicants notified via email by 5:00 PM EDT whether qualification has been granted or denied

Intent to Bid Review [1]

- Monday, August 11, 2008
 - Applicants notified by 5:00 PM EDT via email that the Intent to Bid has been received
- Friday, August 15
 - Applicants notified via email by 5:00 PM EDT whether Intent to Bid is incomplete or deficient
 - If incomplete or otherwise deficient, communication will provide the reason(s) for the determination
- Friday August 29, 2008
 - Applicant will be given until 5:00 PM EDT to remediate the Intent to Bid

Intent to Bid Review [2]

- Each state offering CO₂ allowances for sale in Auction 1 will review each applicant's Intent to Bid and make a determination as to completeness
- Wednesday, September 10, 2008
 - Applicants notified via email by 5:00 PM EDT whether the Intent to Bid is complete

Auction Overview [1]

- Electronic, internet-based auction platform
- Uniform-price, sealed-bid (single-round) auction format
- Bids ranked by their bid price from high to low
 - Cumulative demand noted at each bid
- Auction Notice provides clear guidance on determining the clearing price and allowance awards
- All marginal bid ties will be resolved by a random process

Auction Overview [2]

- All bids that exist in the Auction Platform via user 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

Auction Overview [3]

- 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
- Bid limitations
 - The reserve price is \$1.86 per CO₂ allowance
 - The total value of a bidder's bids cannot exceed the amount of a bidder's financial security

Auction Overview [4]

- Bid limitations (cont.)
 - The total number of CO₂ allowances that an entity (i.e., an organization and its affiliates and/or agents), may bid for in a single auction is 25% of the allowances offered for sale
 - This translates to a maximum of 3,141,346 CO₂ allowances
 - All bid limitations will be evaluated at the time of submittal
 - The Auction Platform will not allow bids that violate any bid limitations to be submitted

Auction Procedures [1]

- Primary Authorized Auction Representative
 - Primary contact for all communications
 - Ensures that only authorized persons act on behalf of an Applicant
- Prohibition on Collusion and Manipulation
 - Applicant must disclose the existence of associations in its Qualification Application
- Prohibition on Releasing Confidential Information
 - Applicant can not publically release confidential information

Auction Procedures [2]

- 25% Bid Limit
 - Aggregate number of CO₂ allowances associated entities may bid for in a single auction is equivalent to 25% of the CO₂ allowances offered for sale in any single auction
 - Procedures do not prohibit associations among bidders, but they must be disclosed properly
 - Disclosable Corporate Associations
 - See Auction Notice for corporate association definition
 - Disclosable Bidding Associations
 - See Auction Notice for bidding association definition

Auction Format Example No. 1

- Sample auction for 100 lots of 1,000 CO₂ allowances
 - The reserve price is \$3.00 per CO₂ allowance
- All bids are ranked by bid price from high to low
 - Cumulative demand is noted at each bid
- Awards made until supply of CO₂ allowances is exhausted, which is Bidder E's bid at \$3.80

Bidder Name	Price Per CO ₂ Allowance Bid	Quantity of CO ₂ Allowances Bid	Value of Bid	Cumulative CO ₂ Allowance Demand
Bidder E	\$5.00	20,000	\$100,000.00	20,000
Bidder A	\$4.50	10,000	\$45,000.00	30,000
Bidder B	\$4.10	10,000	\$41,000.00	40,000
Bidder D	\$4.05	20,000	\$81,000.00	60,000
Bidder E	\$4.00	10,000	\$40,000.00	70,000
Bidder A	\$3.95	10,000	\$39,500.00	80,000
Bidder C	\$3.85	10,000	\$38,500.00	90,000
Bidder E	\$3.80	10,000	\$38,000.00	100,000
Bidder D	\$3.75	5,000	\$18,750.00	125,000
Bidder A	\$3.75	10,000	\$37,500.00	125,000
Bidder B	\$3.75	10,000	\$37,500.00	125,000
Bidder A	\$3.25	30,000	\$97,500.00	155,000
Bidder C	\$3.00	40,000	\$120,000.00	195,000

- Clearing price is the bid price of the tied bids after the marginal bid, or \$3.75 per CO₂ allowance

Auction Format Example No. 2

- Bidders E, D, A, & B all submit bids at \$3.75 causing cumulative demand exceed supply
 - Clearing price is the bid price of the marginal bids, or \$3.75 per CO₂ allowance
 - Allowances awarded to all bids with bid prices greater than \$3.75
- Marginal bid ties are broken by a random process

Bidder Name	Price Per CO ₂ Allowance Bid	Quantity of CO ₂ Allowances Bid	Value of Bid	Cumulative CO ₂ Allowance Demand	Random Number
Bidder E	\$5.00	20,000	\$100,000.00	20,000	
Bidder A	\$4.50	10,000	\$45,000.00	30,000	
Bidder B	\$4.10	10,000	\$41,000.00	40,000	
Bidder D	\$4.05	20,000	\$81,000.00	60,000	
Bidder E	\$4.00	10,000	\$40,000.00	70,000	
Bidder A	\$3.95	10,000	\$39,500.00	80,000	
Bidder C	\$3.85	10,000	\$38,500.00	90,000	
Bidder E	\$3.75	10,000	\$37,500.00	125,000	(3)
Bidder D	\$3.75	5,000	\$18,750.00	125,000	(1)
Bidder A	\$3.75	10,000	\$37,500.00	125,000	(2)
Bidder B	\$3.75	10,000	\$37,500.00	125,000	(4)
Bidder A	\$3.25	30,000	\$97,500.00	155,000	
Bidder C	\$3.00	40,000	\$120,000.00	195,000	

- Allowances awarded to each tied bidder in increasing order by value of assigned random number

RGGI CO₂ Allowance Tracking System Account [1]

- Applicant's RGGI CO₂ Allowance Tracking System (RGGI COATS) account is the where awarded CO₂ allowances will be transferred
- Applicant must have active RGGI COATS account to submit a Qualification Application
- Only “general ” accounts available for Auction 1; “compliance” accounts will not be created in time for Auction 1

RGGI CO₂ Allowance Tracking System Account [2]

- Applicants encouraged to start user application process immediately to ensure establishment of RGGI COATS general account before submitting *CO₂ Allowance Auction Qualification Application – Version 1*
 - See <http://www.rggi-coats.org> for details

Registering to Use COATS

- In order to create a general account or to access an existing account in COATS, you must first register to be a user.
- Individuals who exist in EPA's Clean Air Markets Division information system as representatives for sources in RGGI participating states have received email invitations to register.
- Individuals who did not receive an email invitation to register may request a COATS user account on the COATS public homepage via <http://www.rggi-coats.org>.

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

[Reference](#) | [Home](#)

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by participating states to reduce emissions of carbon dioxide (CO₂), a greenhouse gas that causes global warming.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the CO₂ Budget Trading Programs of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont.

Registered users log in here.

Username ^A

Password ^A

I certify that I was selected as the CO₂ authorized account representative or alternate CO₂ authorized account representative, as applicable, by an agreement binding on the owners and operators of the CO₂ budget source and each CO₂ budget unit at the source. I certify that I have all the necessary authority to carry out my duties and responsibilities under the CO₂ Budget Trading Program on behalf of the owners and operators of the CO₂ budget source and of each CO₂ budget unit at the source and that each such owner and operator shall be fully bound by my

☐ By clicking this box I agree with all of the the above terms that apply.

Login

[Register to use COATS.](#)

Click here to register
to be a COATS user

[Forgot your COATS password?](#)



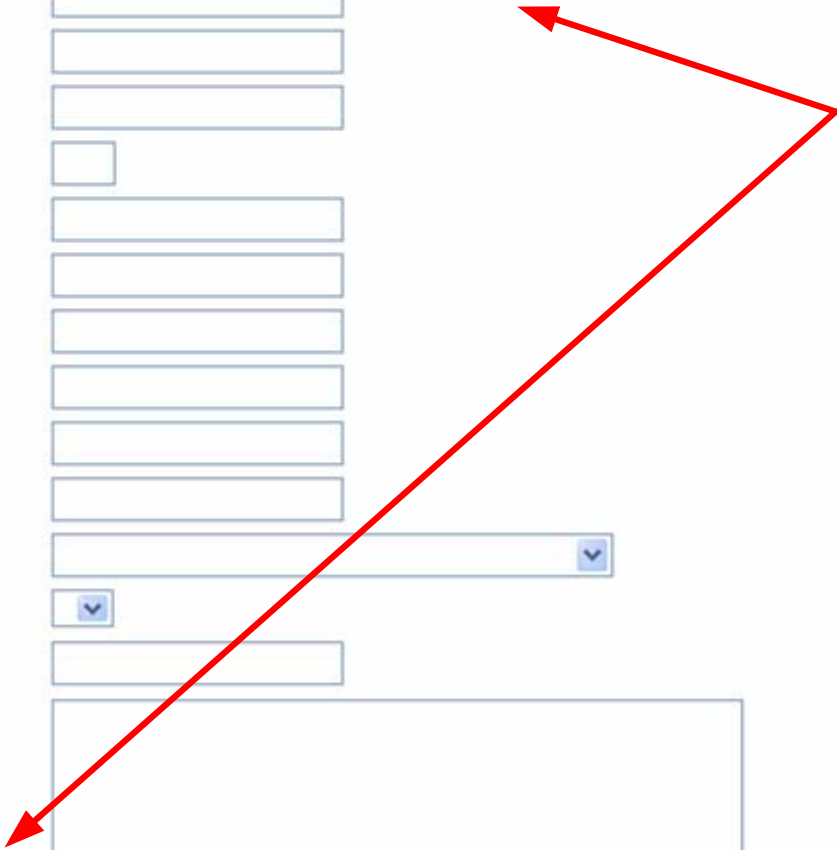
Regional Greenhouse Gas Initiative, Inc.

Registration Information for Access to COATS

Users who are representatives of RGGI COATS accounts and need to manage these accounts through the COATS system must complete the registration below to access the system. Registration is not required for members of the public who wish to access public reports and do not require ability to log in to the COATS system.

Step 1: Enter Information

Title (Mr./Ms.)	<input type="text"/>
First Name *	<input type="text"/>
Last Name *	<input type="text"/>
Middle Initial	<input type="text"/>
Phone Number *	<input type="text"/>
Fax Number *	<input type="text"/>
Company Name	<input type="text"/>
Address *	<input type="text"/>
Address	<input type="text"/>
City *	<input type="text"/>
Country *	<input type="text"/>
State/Province	<input type="text"/>
Postal Code *	<input type="text"/>
Reason for requesting a login *	<input type="text"/>



Entered required Information in the appropriate fields.

Bottom of Registration Page

Important: Enter a valid email address to receive notification of your completed registration as a user. Valid COATS passwords must be a minimum of seven characters in length and contain the following: at least one alphabetic character, and at least one numeric and one special characters.

Email Address *

Re-enter email address *

Email Salutation (e.g. Bill Smith) *

Create your COATS username *

Create your password *

Re-enter password *

[Back](#) [Next](#)

**Complete the remaining required fields
(indicated with an *) and then click Next.**



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Registering to use COATS (continued)

- Agree to the terms on the following page
- Print, sign and submit the User Request Form to PQA:
Perrin Quarles Associates
675 Peter Jefferson Pkwy
Suite 200
Charlottesville, VA 22911
- Once PQA has processed the User Request Form, you will receive notice at the email address you registered that you can access the system.

Creating a General Account

- Log into COATS via <http://www.rggi-coats.org>
- Select the Create General Account option

MEGAN REILLY : My Profile : Contact Us : Home : Log Out

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

Accounts | Reference

Create General Account

Move your mouse pointer over the Accounts menu link to display the Create General Account sub-menu

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by participating states to reduce emissions of carbon dioxide (CO₂), a greenhouse gas that causes global warming.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the CO₂ budget trading programs of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont.

Announcements

Welcome to COATS

Welcome to the beta test of COATS, the electronic system for tracking emissions and allowances under the RGGI CO₂ Budget Trading Programs. If at any time you need technical assistance, please call Bryan Eckstein at Perrin Quarles Associates at (434) 979-3700 x 177 or by email at rggi-coats@pqa.com. [read](#)

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

Accounts | Reference

Help

Create Account: Enter Account Details

Create General Account

Create the name of your account as the first step in creating a general account. Then, click the **Next** button to continue.

Account Name *	<input type="text"/>
Account Type *	General <input type="button" value="v"/>

Enter an Account Name

Next



Regional Greenhouse Gas Initiative, Inc.



Create Account: Designate Account Ownership

Owner/Operator data added.

To create a General Account, any and all organization(s) with ownership interest in the account must be disclosed. Select ownership organization(s) from the list below and move it from the "Candidate Organizations" box on the left to the "Selected Organizations" box on the right using the arrow (">") buttons between the boxes. If the organization you wish to select is not found within this list, click the "Add" button to create a new ownership organization.

Account Name	ABC Manufacturing General Account
Account Type	General
Authorized Account Representative	Reilly, Megan

Select organizations from the list

Candidate Organizations

Fortistar
Fortistar North Tonawanda, Inc.
Fulton Cogeneration Associates, LP
General Electric Company
Hawkeye Energy Greenport
Hell Gate Kitchen
Hillburn
Home Depot
Horizon Power, Inc.
Huntley Power, LLC
Indeck - Corinth Limited Partnership
Indeck - Olean Limited Partnership
Indeck - Yerkas Limited Partnership
Indeck Energy Services of Oswego, Inc.
Indeck Energy Services of Silver Springs
Indeck Energy Services, Inc.
Independence Power Partners, LP

Selected Organizations *

ABC Manufacturing



Use the arrows to move the organizations from one box to the other

Back Add Next

If an organization is not in the list, click the Add button to create a new organization



Regional Greenhouse Gas Initiative, Inc.

RGGI CO₂ ALLOWANCE TRACKING SYSTEMRGGI CO₂ BUDGET TRADING PROGRAMS[Accounts](#) | [Reference](#)[Help](#)

Create Account: Designate Percent Ownership (Optional)

Enter the percent ownership for each owner organization in the grid. The values you enter in the Percent Ownership column must sum to 100%. This information is optional. Click the **Next** button to continue.

Account Name ABC Manufacturing General Account
Account Type General
Authorized Account Representative Reilly, Megan

Organizations

Owner/Operator	Percent Ownership
ABC Manufacturing	<input type="text" value="100"/> %

Total Percent Ownership: 100 %

[Back](#) [Next](#)

Enter the percent in this field.



Regional Greenhouse Gas Initiative, Inc.

Create Account: Select Alternate Authorized Account Representative

Select the optional Alternate Authorized Account Representative ("AAAR"), if any, for the General Account using the radio buttons in the grid below. The grid is initially blank and you must first enter filter criteria in the box to the right to display a specific AAAR or list of AAARs. The designated AAAR will have the same system permissions for the General Account as the AAR. Note that the grid can be sorted by clicking on the grid column

Filter Criteria ▼

First Name

Last Name

Organization Name

Filter

Clear

Use the filter to find a person

Account Name ABC Manufacturing General Account
Account Type General
Authorized Account Representative Reilly, Megan

Organizations

Owner/Operator	Owner/Operator Role	Percent Ownership
ABC Manufacturing	Owner	100

The AAAR grid is blank by default

Alternate Authorized Account Representative

Name	Organization Name
------	-------------------

No people match your current filter criteria entered in the box at the top right of the screen.

Back **Add** **Next**

If you cannot find a person using the filter, click the Add button to add a new user

RGGI CO₂ ALLOWANCE TRACKING SYSTEMRGGI CO₂ BUDGET TRADING PROGRAMS

Accounts | Reference

[Help](#)

Create Account: Review and Submit

Account Name	ABC Manufacturing General Account
Account Type	General
Authorized Account Representative	Reilly, Megan
Alternate Authorized Account Representative	Miller, Johnny

Organizations

Owner/Operator	Owner/Operator Role	Percent Ownership
ABC Manufacturing	Owner	100

Certification Statement

I certify that I was selected as the CO₂ authorized account representative or the CO₂ alternate authorized account representative, as applicable, by an agreement that is binding on all persons who have an ownership interest with respect to CO₂ allowances held in the general account. I certify that I have all the necessary authority to carry out my duties and responsibilities under the CO₂ Budget Trading Program on behalf of such persons and that each such person shall be fully bound by my representations, actions, inactions, or submissions and by any order or decision.

Entering your password below acknowledges that you have read and agreed to the above certification.

Enter password *

If the information on the page is correct, enter your COATS system password, and click the Submit button

RGGI CO₂ ALLOWANCE TRACKING SYSTEMRGGI CO₂ BUDGET TRADING PROGRAMS

Accounts | Reference

[Print](#) [Help](#)

Account Details

Account data saved.
 Account people relationship data saved.
 Account people relationship data saved.
 Account owner/operator relationship saved.

The system messages confirm the
 account creation is complete

Account Number GN10717
Account Name * ABC Manufacturing General Account
Account Type General
Status Open
Opened on 07/17/2008
Closed on
Allowances can be Transferred Yes
Allowances can be Acquired Yes
State All RGGI States

Account number to register for
 auction

[Save](#)
[Account Representative Details](#) | [Affiliated Agents](#) | [Owner Details](#) | [Available Allowances](#)

Account Representative Details

	Name	Representative Type	Begin Date
<input type="radio"/>	Reilly, Megan	Authorized Account Representative	07/17/2008
<input type="radio"/>	Miller, Johnny	Alternate Authorized Account Representative	07/17/2008

[Change](#) | [End Alternate](#) | [Show History](#)

Qualification Application Submission Instructions

- Qualification Application has been created as a Microsoft Word document with editable fields
- Submission requirements:
 - One complete original (coversheet plus forms 1 through 6)
 - Signed by the Primary Authorized Auction Representative in blue ink and notarized
 - Twelve photocopies of the Qualification Application
 - No facsimiles
 - Must be received by the Auction Manager no later than 5:00 PM EDT on Friday, August 8, 2008

Checklist / Coversheet

Insert Applicant Name _____ Insert Date _____

Coversheet and Checklist

Date _____

Name of Applicant (organization name if an entity, first and last names if an individual person) _____

Applicants must check off the following boxes, as appropriate, to indicate inclusion of the following forms.

- ☐ Coversheet and Checklist (required)
- ☐ Form 1 – General Information (required)
- ☐ Form 2 – Authorized Auction Representative (required)
- ☐ Form 3 – Evidence of a Compliance or General Account (required)
- ☐ Form 4 – Disclosable Corporate and Bidding Associations (required)
- ☐ Form 5 – Treatment of Bidding Activity (required if an Applicant has a corporate association)
- ☐ Form 6 – Attestations (required)

CC₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 3

- Required for all applicants
- Applicants must check off the boxes, as appropriate, to indicate inclusion of the forms
- Information contained in the Qualification Application will be held confidential to the extent permitted by applicable state laws

Form 1 – General Information [1]

Insert Applicant Name _____ Insert Date _____

Form 1 – General Information

Type of Submission
☐ Initial submission to qualify for any CO₂ Allowance Auction
☐ Revised submission due to a material change to any information included in a previously submitted Qualification Application

Name of Applicant _____

Street Address _____

City _____ State/Province _____ Postal Code _____ Country _____

Select the Appropriate Applicant Category (only one)
☐ Owner of a Electric Generation Source(s)²
☐ Broker
☐ Environmental Group
☐ Financial or Investment Institution
☐ Individual Person
☐ Other Market Participant (if selected, describe below)

If the Applicant did not check "Individual Person," describe the nature of the Applicant's core business or organization. Additionally, describe the structure of the Applicant's organization, including whether the entity is a sole proprietorship, partnership, limited partnership, limited liability company (LLC), limited liability partnership (LLP), corporation (for-profit), nonprofit corporation (not-for-profit), or cooperative.

Describe the Nature of the Applicant's Core Business or Organization _____

Place of Incorporation _____ State/Province _____ Federal Tax ID _____ Dun & Bradstreet Number _____

Years in Business _____ URL for Applicant's Web Site _____

² For purposes of the Qualification Application, any unit that serves an electricity generator with a nameplate capacity equal to or greater than 25 MW is considered a generation unit, and any facility that includes one or more generation units is considered a generation source.

CO₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 4

- Required for all applicants
- Applicants must indicate type of submission
 - For Auction 1, all submissions will be initial submissions
- Select applicant category
- Describe core business or organization
- Additional information is required for business entities

[2]

Page 5

-

[3]

[illegible]

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Form 2 – Authorized Auction Representative

Insert Applicant Name _____ Insert Date _____

Form 2 – Authorized Auction Representative
Primary Authorized Auction Representative

The Primary Authorized Auction Representative shall represent the Applicant in any CO₂ Allowance Auction in which the Applicant participates. The Primary Authorized Auction Representative will be the recipient of a username and password for the Auction Platform, allowing that person to submit bids in the CO₂ Allowance Auction(s) for which the Applicant is approved to participate. The Primary Authorized Auction Representative is the person who will serve as the primary contact for all communications regarding the Qualification Application, the Intent to Bid, all notices and documentation, and any other information related to a CO₂ Allowance Auction(s). The principal mode of communications will be via email and the internet.

While not required, it is recommended that the Primary Authorized Auction Representative be the same person designated as the Authorized Account Representative for the Applicant's RGGI CO₂ Allowance Tracking System account.

First Name	Last Name	Title	
Office Phone	Mobile Phone	Fax	Company
Email Address			
Street Address			
City	State/Province	Postal Code	Country

Secondary Authorized Auction Representative (optional)

If so desired, the Applicant may designate a Secondary Authorized Auction Representative. The Secondary Authorized Auction Representative is authorized to represent the Applicant in any CO₂ Allowance Auction in which the Applicant participates. The Secondary Authorized Auction Representative will be the recipient of a username and password for the Auction Platform, allowing that person to submit bids in the CO₂ Allowance Auction(s) for which the Applicant is approved to participate. The Secondary Authorized Auction Representative will also receive all communications regarding the Qualification Application, the Intent to Bid, all notices and documentation, and any other information related to a CO₂ Allowance Auction(s). The principal mode of communications will be via email and the internet.

First Name	Last Name	Title	
Office Phone	Mobile Phone	Fax	Company
Email Address			
Street Address			
City	State/Province	Postal Code	Country

CO₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 6

- Required for all applicants
- Is the primary contact for all communications
- Ideally the same person designated as the Authorized Account Representative for RGGI COATS
- Applicant may designate a Secondary Authorized Auction Representative

Form 3 – Evidence of a RGGI COATS Account

Insert Applicant Name _____ Insert Date _____

Form 3 – Evidence of a RGGI COATS Account
Information regarding the Applicant's RGGI CO₂ Allowance Tracking System (RGGI COATS) account must be provided. This is the account into which all awarded CO₂ allowances will be deposited.

RGGI COATS Account Number

RGGI COATS Authorized Account Representative

Yes No
☐ ☐ Do you assert that the submitted information on Form 3 – Evidence of a RGGI COATS Account is confidential?

Initials: _____

CO₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 8

- Required for all applicants
- Proof of account into which all awarded CO₂ Allowances will be transferred
 - Account number format is GNXXXXX

Form 4 – Disclosable Corporate and Bidding Associations [1]

Insert Applicant Name _____ Insert Date _____

Form 4 – Disclosable Corporate and Bidding Associations

The total number of CO₂ allowances that an entity (i.e., an organization and its affiliates and/or agents) may bid for in a single auction is 25% of the CO₂ allowances offered for sale.

An applicant is not prohibited from becoming associated by entering into otherwise lawful associations with another applicant, entity, or person before filing the Qualification Application, as long as all applicants disclose the existence of all such associations in the Qualification Application.

For purposes of a CO₂ Allowance Auction, applicants are associated if the applicants have ties that could allow them to act in concert or that could prevent them from competing actively against each other in a CO₂ Allowance Auction. There are a number of types of disclosable corporate and bidding associations that must be reported on this form. Failure to disclose any of these types of associations may result in a procedure violation and barring from this auction and/or future auctions.

4.1 Disclosable Corporate Associations

The following definitions are provided to determine whether a disclosable corporate association exists:

- An entity has a *direct corporate association* to another entity if it holds more than 20% of any class of listed shares, if it holds the right to acquire such shares, if it holds any option to purchase such shares, or if it holds or can appoint more than 20% of common directors, or if it holds voting power, or if it controls the entity's affairs through some other means.
- An entity has an *indirect corporate association* to another entity if it has a *direct corporate association* with another entity that has a *direct corporate association* with the entity in question, or through a longer line of *direct corporate associations*. To determine whether an *indirect corporate association* must be disclosed based on an entity's percentage of ownership, the percentage ownership of the entity in the other entity is obtained by multiplying the percentages of ownership at each level and must be more than 20%.

To assist in the determination of whether such a disclosable corporate association exists, the following questions are provided. Answering any of the following questions affirmatively indicates that the Applicant has a corporate association that must be disclosed on this form.

Yes	No	Index Number and Association Criteria
<input type="checkbox"/>	<input type="checkbox"/>	1. Is the Applicant corporately associated, directly or indirectly, with another applicant?
<input type="checkbox"/>	<input type="checkbox"/>	2. Is another applicant corporately associated, directly or indirectly, with the Applicant?
<input type="checkbox"/>	<input type="checkbox"/>	3. Is the Applicant corporately associated, directly or indirectly, with an entity that is corporately associated, directly or indirectly, with another applicant?
<input type="checkbox"/>	<input type="checkbox"/>	4. Is another applicant corporately associated, directly or indirectly, with an entity that is corporately associated, directly or indirectly, with the Applicant?

CO₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 9

- Required for all applicants
- Two basic categories to be disclosed: “Corporate” associations and “Bidding” associations
 - Auction Notice contains complete definitions
- Questions are provided to determine whether a disclosable corporate association exists

Form 4 – Disclosable Corporate and Bidding Associations [2]

Insert Applicant Name	Insert Date
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Any affirmative answer to any of these questions requires disclosure of the corporate association(s) in the space provided below. This includes but is not limited to disclosure of a corporate parent, subsidiary, or sister company.

For example, Company A, Company B, and Company C all intend on participating in the upcoming CO₂ Allowance Auction. Company A is a subsidiary of Company B, which also owns Company C. Company A's corporate association with both Company B and Company C must be disclosed. Company B and Company C must make similar disclosures in their Qualification Applications.

In the fields below, list all relationships that meet the above criteria. Information that must be disclosed includes:

- The name of the other applicant with which the Applicant has a corporate association
- The index number of the applicable association criterion
- A description of the type of corporate association, which may include the following:
 - Corporate parent
 - Subsidiary
 - Sister company
 - Partnership
 - Other (provide a concise description)

<i>Name of Associated Applicant</i>	<i>Index No.</i>	<i>Description of the Type of Association</i>

Include additional pages if necessary.

CO₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008
Page 10

- Information that must be disclosed includes:
 - Name of associated applicant
 - Index number of the applicable association criterion
 - A description of the type of corporate association
 - Corporate parent
 - Subsidiary
 - Sister company
 - Partnership
 - Other

Form 4 – Disclosable Corporate and Bidding Associations [3]

Insert Applicant Name

Insert Date

4.2 Disclosable Bidding Associations

The following definitions are provided to determine whether a disclosable bidding association exists:

- An entity is concerned with another entity's bid if the entity has agreed to provide assistance with financing, is partnered with the other entity for bidding purposes, has entered into any explicit or implicit agreements, arrangements, or understandings of any kind relating to the CO₂ allowances being auctioned, or has agreed to provide assistance in any other way with the exception of investment or auction advisory services.
- An entity has a disclosable *bidding association* to another entity if the entity is concerned with another entity's bid.

To assist in the determination of whether such a disclosable *bidding association* exists, the following questions are provided. Answering any of the following questions affirmatively indicates that the Applicant has a disclosable *bidding association* with another applicant or entity that must be disclosed on this form.

Yes	No	Association Criteria
<input type="checkbox"/>	<input type="checkbox"/>	1. Is the Applicant concerned with another applicant's bid?
<input type="checkbox"/>	<input type="checkbox"/>	2. Is another applicant concerned with the Applicant's bid?
<input type="checkbox"/>	<input type="checkbox"/>	3. Is another entity or person concerned with the Applicant's bid?

Any affirmative answer to any of these questions requires disclosure of the bidding association(s) in the space provided below. This includes but is not limited to disclosure of a corporate parent, subsidiary, sister company, partnership, broker, or financier. An affirmative answer to question one will cause the CO₂ allowance bid limit of the Applicant to be reduced by the maximum amount of CO₂ allowances the other applicant may bid for on the Applicant's behalf.

Bidding associations must be disclosed if the parties agree in principle on all material terms prior to the CO₂ Allowance Auction Qualification Application submittal deadline. Each applicant must identify the other applicant, entity, or person on its Qualification Application, even if the agreement has not been reduced to writing. If the parties have had discussions but have not agreed in principle by the Qualification Application submittal deadline, they should not include the names of the parties involved in such discussions on their Qualification Applications.

For example, Company A intends to participate in an upcoming CO₂ Allowance Auction. Company A has a signed agreement with Company B, who also intends to participate in the upcoming CO₂ Allowance Auction, to buy 10 million of the CO₂ allowances that Company B may be awarded from the auction. Company A's bidding association with Company B must be disclosed on its Qualification Application. Likewise, Company B must make a similar disclosure on its Qualification Application.

In the fields below, list all relationships that meet the above criteria. Information that must be disclosed includes:

- The name of the other applicant, entity, or person with which the Applicant has a bidding association

- Questions are provided to determine whether a disclosable bidding association exists

Form 4 – Disclosable Corporate and Bidding Associations [4]

Insert Applicant Name _____ Insert Date _____

- The index number of the applicable association criterion
- A description of the type of bidding association, which may include the following:
 - Corporate parent
 - Subsidiary
 - Sister company
 - Partnership
 - Broker
 - Financier
 - Other (provide a concise description)
- The maximum number of CO₂ allowances which the Applicant may bid for on behalf of another applicant, entity, or person, or the maximum number of CO₂ allowances which another applicant, entity, or person may bid for on behalf of the Applicant, whichever is applicable according to the association criterion

Name of Other Applicant, Entity, or Person	Index No.	Description of the Type of Association	CO ₂ Allowances

Include additional pages if necessary.

Yes No
☐ ☐ Do you assert that the submitted information on Form 4 – Disclosable Corporate and Bidding Associations is confidential?

Initials: _____

CO₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 12

- Information that must be disclosed includes:
 - Name of associated applicant
 - Index number of the applicable association criterion
 - A description of the type of bidding association
 - The number of CO₂ allowances which the applicant will purchase from or purchase for another applicant, entity, or person

Form 5 – Treatment of Bidding Activity [1]

Insert Applicant Name _____ Insert Date _____

Form 5 – Treatment of Bidding Activity

If the Applicant has indicated they have a corporate association with another applicant or been informed by the RGGI CO₂ Budget Trading Programs Auction Manager that they have a corporate association with another applicant, the applicants will be treated as a single entity for purposes of enforcing the bid limit as specified in the Auction Notice. The bid limit for each applicant will be enforced in a static manner and will not be updated in real time based on the bidding activity of the other associated applicant(s).

The Applicant must indicate in the fields below how the CO₂ allowance bid limit will be apportioned among the associated applicants. This information must be submitted by each associated applicant(s) on their Qualification Application and the apportionments among the associated applicant(s) must be consistent.

The sum of all apportioned CO₂ allowance bid limits for each associated applicant must not exceed a total bid limit of 25%, or less than 25% if the Applicant has reported bidding associations that would cause their bid limit to be reduced, as listed in Form 4 – Disclosable Corporate and Bidding Associations. Each bid limit can be specified to tenths of a percent.

Any inconsistencies in information submitted by associated applicants will result in remediation.

Name of Applicant	Bid Limit (%)
_____	_____

Name of Associated Applicant(s)	Bid Limit (%)
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total Bid Limit (%)

Include additional pages if necessary.

Yes No
☐ ☐ Do you assert that the submitted information on Form 5 – Treatment of Bidding Activity is confidential?

Initials: _____

CO₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 13

- Required if an Applicant has a corporate association with another applicant
- Applicants with a corporate association will be treated as a single entity
- Bidding limit for each applicant will be enforced in a static manner - not updated in real time

Form 5 – Treatment of Bidding Activity [2]

Insert Applicant Name _____ Insert Date _____

Form 5 – Treatment of Bidding Activity

If the Applicant has indicated they have a corporate association with another applicant or been informed by the RGGI CO₂ Budget Trading Programs Auction Manager that they have a corporate association with another applicant, the applicants will be treated as a single entity for purposes of enforcing the bid limit as specified in the Auction Notice. The bid limit for each applicant will be enforced in a static manner and will not be updated in real time based on the bidding activity of the other associated applicant(s).

The Applicant must indicate in the fields below how the CO₂ allowance bid limit will be apportioned among the associated applicants. This information must be submitted by each associated applicant(s) on their Qualification Application and the apportionments among the associated applicant(s) must be consistent.

The sum of all apportioned CO₂ allowance bid limits for each associated applicant must not exceed a total bid limit of 25%, or less than 25% if the Applicant has reported bidding associations that would cause their bid limit to be reduced, as listed in Form 4 – Disclosable Corporate and Bidding Associations. Each bid limit can be specified to tenths of a percent.

Any inconsistencies in information submitted by associated applicants will result in remediation.

Name of Applicant	Bid Limit (%)
_____	_____

Name of Associated Applicant(s)	Bid Limit (%)
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total Bid Limit (%)

Include additional pages if necessary.

Yes No
☐ ☐ Do you assert that the submitted information on Form 5 – Treatment of Bidding Activity is confidential?

Initials: _____

CO₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 13

- The sum of all apportioned CO₂ allowance bid limits for each associated applicant must not exceed a total bid limit of 25%, or less than 25% if the Applicant has reported bidding associations that would cause their bid limit to be reduced

Form 6 – Attestations [1]

Insert Applicant Name _____ Insert Date _____

Form 6 – Attestations
The following attestations must be made.

If the Applicant is unable to answer affirmatively to attestations 1-5, an explanation must be provided. A negative answer to any of these attestations does not automatically disqualify an applicant. The explanation provided will be used to inform the decision regarding the applicant's qualification status. Include additional pages if necessary.

1. The Applicant and its corporate officers, directors, principals, members (if the Applicant is a LLC or LLP), or partners of the Applicant are not currently and have not during the five (5) years preceding the date of this Qualification Application been under indictment for a felony in any federal or state jurisdiction.
Yes ☐ No ☐ If No, Provide an Explanation _____
2. The Applicant and its corporate officers, directors, principals, members (if the Applicant LLC or LLP), or partners of the applicant have not been convicted of a felony within the five (5) years preceding the date of this Qualification Application.
Yes ☐ No ☐ If No, Provide an Explanation _____
3. The Applicant has not been subject to any civil penalties, judgments, sanctions or consent decrees arising out of the violation of any law, rule, regulation or ordinance in connection with any commodity market, exchange, or by the Securities and Exchange Commission or Commodity Futures Trading Commission.
Yes ☐ No ☐ If No, Provide an Explanation _____
4. The Applicant has not had any permit or authority to do business in any jurisdiction revoked or suspended.
Yes ☐ No ☐ If No, Provide an Explanation _____
5. The Applicant has never been found to be non-responsible with regard to any federal, state or local procurement, barred from public bidding or sanctioned for unauthorized disclosure of confidential information.
Yes ☐ No ☐ If No, Provide an Explanation _____

CC₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 14

- Required for all applicants
- Disclosure of
 - Indictment for a felony in federal or state jurisdiction
 - Violations in connection with any commodity market, exchange, or by the SEC or CTFC
 - Revocation or suspension of a permit or authority to do business
 - Finding of non-responsiveness

Form 6 – Attestations [2]

Insert Applicant Name _____ Insert Date _____

6. All the information provided in this application is accurate, true, and not misleading.

7. I the undersigned and the Secondary Authorized Auction Representative, if applicable, are authorized to represent my organization or corporation in matters regarding CO₂ Allowance Auctions including, but not limiting to, committing my organization or corporation to any and all bids submitted in CO₂ Allowance Auctions.

8. I the undersigned and the Secondary Authorized Auction Representative, if applicable, certify that I will be responsible for all confidential information regarding the CO₂ Allowance Auctions and will not publically release confidential information.

9. The Applicant, individually or in combination with any applicant with which the Applicant has a corporate or bidding association, will not seek to bid in aggregate more than 25% of the CO₂ allowances offered for sale in any single auction.

10. The Applicant, if not a compliance entity required by the laws or rules, whether final or proposed, of one of the RGGI participating states to hold CO₂ allowances equal to emissions, hereby attests and agrees that with respect to the applicant's purchase, sale, holding or transfer of any CO₂ allowance, the Applicant shall be subject to the personal jurisdiction and venue of courts of any of the RGGI participating states for adjudication of claims relating to fraudulent, misleading, manipulative, collusive or noncompetitive behavior arising out of such purchase, sale, holding, or transfer.

Any fraudulent, misleading, manipulative, collusive or noncompetitive behavior in a RGGI CO₂ Allowance Auction or in the CO₂ allowance market may be investigated and prosecuted in accordance with any and all applicable regulations and laws.

Signature of Primary Authorized Auction Representative Date _____

Title

Sworn and subscribed before me on this _____ day of _____, 200__

Notary Public
(Jurat)

Yes No
☐ ☐ Do you assert that the submitted information on Form 6 – Attestations is confidential?

Initials: _____

CO₂ Allowance Auction Qualification Application – Version 1
Released on July 24, 2008

Page 15

- Violations do not necessarily disqualify applicant, but must be explained
- Applicants that do not sign the Attestation Form will not be qualified
- Form must be signed by the Primary Authorized Auction Representative
- Form must be notarized

Intent to Bid Submission instructions

- The Intent to Bid has been created as a Microsoft Word document with editable fields
- Submission requirements:
 - One complete original (coversheet plus forms 1 through 3)
 - Signed by the Primary Authorized Auction Representative in blue ink and notarized
 - Twelve photocopies of the Intent to Bid
 - No facsimiles will be accepted
 - Must be received by the Auction Manager no later than 5:00 PM EDT on Friday, August 8, 2008

Checklist / Coversheet

Insert Applicant Name _____ Insert Date _____

Coversheet and Checklist

Date _____

Name of Applicant (organization name if entity, first and last names if an individual person) _____

Applicants must check off the following boxes, as appropriate, to indicate inclusion of the following required forms.

- ☐ Coversheet and Checklist (required)
- ☐ Form 1 – Notice of Intent to Bid (required)
- ☐ Form 2 – Financial Security (required)
- ☐ Form 3 – Signature Page (required)

CO₂ Allowance Auction Intent to Bid for CO₂ Allowance Auction 1 on September 25, 2008 Page 2
Released on July 24, 2008

- Required for all applicants
- Applicants must check off the boxes, as appropriate, to indicate inclusion of the forms
- Information contained in the Intent to Bid will be held confidential to the extent permitted by applicable state laws

Form 1 – Notice of Intent to Bid

Insert Applicant Name _____ Insert Date _____

Form 1 – Notice of Intent to Bid
The Applicant intends to bid in CO₂ Allowance Auction 1.

Name of Applicant

Primary Authorized Auction Representative

Yes No
☐ ☐ Do you assert that the submitted information on Form 1 – Notice of Intent to Bid is confidential?

Initials: _____

CO₂ Allowance Auction Intent to Bid for CO₂ Allowance Auction 1 on September 25, 2008 Page 3
Released on July 24, 2008

- Required for all applicants
- Applicants may assert that they consider submitted information to be confidential by checking the box at the bottom of each Intent to Bid form

Form 2 – Financial Security

Insert Applicant Name _____ Insert Date _____

Form 2 – Financial Security

Financial security in the form of United States dollars (USD) is a requirement to participate in CO₂ Allowance Auction 1. There are only three (3) acceptable forms of financial security: (1) bond, (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 (LOC) issued by a financial institution with a United States banking license. Each qualified applicant can use multiple acceptable forms of financial security.

The Auction Notice contains additional information on financial security, the process for submitting financial security, and the associated deadlines.

In order to expedite the processing and verifying of the financial security, please indicate the amount and type of financial security that will be posted.

Type of Security (more than one selection can be made)

☐ Bond
☐ Cash (Wire Transfer)
☐ Cash (Certified Funds)
☐ Irrevocable Letter of Credit

Type of Security	Financial Security (USD)
Bond	
Cash (Wire Transfer)	
Cash (Certified Funds)	
Irrevocable Letter of Credit	
Total Financial Security (USD)	

Yes No
☐ ☐ Do you assert that the submitted information on Form 2 – Financial Security is confidential?

Initials: _____

CO₂ Allowance Auction Intent to Bid for CO₂ Allowance Auction 1 on September 25, 2008
Released on July 24, 2008

Page 4

- Required for all applicants
- Only three acceptable forms of financial security: (1) bond (2) cash in the form of a wire transfer or certified funds, (3) an irrevocable letter of credit (LOC)
- More than one type of financial security can be checked

Form 3 – Signature Page

Insert Applicant Name _____ Insert Date _____

Form 3 – Signature Page
The following attestations must be made.

1. All the information provided in this application is accurate, true, and not misleading.
2. I the undersigned and the Secondary Authorized Auction Representative, if applicable, have read and understand the CO₂ Allowance Auction Procedures as outlined in the Auction Notice.
3. The Applicant will comply with and be bound by the CO₂ Allowance Auction Procedures as outlined in the Auction Notice.

Failure to comply with any of the CO₂ Allowance Auction Procedures, as contained in the Auction Notice, may result in a procedure violation and barring from this auction and/or future auctions. Any fraudulent, misleading, manipulative, collusive or noncompetitive behavior in a RGGI CO₂ Allowance Auction or in the CO₂ allowance market may be investigated and prosecuted in accordance with any and all applicable regulations and laws.

Signature of Primary Authorized Auction Representative Date _____

Title

Sworn and subscribed before me on this _____ day of _____, 200__

Notary Public
(Jurat)

Yes No
☐ ☐ Do you assert that the submitted information on Form 3 – Signature Page is confidential?

Initials: _____

CO₂ Allowance Auction Intent to Bid for CO₂ Allowance Auction 1 on September 25, 2008 Page 5
Released on July 24, 2008

- Required for all applicants
- Primary Authorized Auction Representative must attest that:
 - All information provided is accurate
 - Procedures have been read and understood
 - Applicant will comply with and be bound by CO₂ Allowance Auction Procedures
- Form must be notarized

Thank you

Website: <http://www.rggi.org/auctions>

Questions: auctionmanager@worldenergy.com

