

Regional Greenhouse Gas Initiative

Auction 39 Bidder Webinar

January 18, 2018

2:00 - 3:00 PM ET



Webinar Outline

- Introduction and Overview
- Schedule
- What's New for Auction 39
- Participation Requirements
 - New Applicant
 - Prev. Qualified Applicant
- Forms to be submitted
 - Qualification Application
 - Intent to Bid
- SAAR Authorization Form
- Financial Security
- RGGI CO₂ Allowance Tracking System Account
- Review Process
 - Qualification Application
 - Intent to Bid
- Confidential Information
- Limitation on Communication
- Auction Platform Overview
- Bid Limitations
- Cost Containment Reserve Overview and Mechanics
- Auction Examples
- Bid Value Examples

Auction 39

- March 14, 2018 (9:00 AM - 12:00 PM ET)
- Auction 39: 13,553,767 CO₂ allowances (“Initial Offering”) available for sale from Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont
- Minimum Reserve price of \$2.20 per CO₂ allowance
- Auction 39 will have one offering of allowances
- The Cost Containment Reserve (“CCR”) mechanism is in effect for Auction 39
 - Auction 39 will contain 10,000,000 CCR allowances

Bidder Preparations

- Auction guidance & materials at http://www.rggi.org/market/co2_auctions/information
- All bidders must be qualified to participate
- Approximately “57 days” to provide adequate time to process applications and arrange for financial security
- Online question window
 - Send questions to: auctionmanager@enernoc.com
 - Open from January 16-19, 2018
 - To the extent any relevant questions are not currently addressed in the FAQs, the document will be updated and reposted on January 24, 2018

Dates to Remember

- No later than 5:00 PM ET on Wednesday, January 31, 2018 – Qualification Application and Intent to Bid due
- No later than 5:00 PM ET on Wednesday, March 07, 2018 – Financial security due
- Bidder training sessions
 - 3, one-hour-long sessions from 1:00 to 4:00 PM ET on Tuesday, March 06, 2018
 - 3, one-hour-long sessions from 1:00 to 4:00 PM ET on Wednesday, March 07, 2018

Schedule [1]

Event	Date	Time
Release auction documents - <i>Auction Notice</i> - <i>Qualification Application</i> - <i>Intent to Bid</i>	Tuesday, January 16, 2018	No later than 10 AM ET
Open online question window	Tuesday, January 16, 2018	10:00 AM ET
Hold bidder webinar	Thursday, January 18, 2018	2:00 to 3:00 PM ET
Close online question window	Friday, January 19, 2018	5:00 PM ET
Update and release FAQs, as needed	Wednesday, January 24, 2018	No later than 5:00 PM ET
Auction documents due^[1] - <i>Qualification Application</i> - <i>Intent to Bid</i>	Wednesday, January 31, 2018	No later than 5:00 PM ET
Auction Manager sends remediation notification and instructions to each Applicant - <i>Qualification Application</i> - <i>Intent to Bid</i>	Wednesday, February 07, 2018	No later than 3:00 PM ET
Remediated auction documents due, where applicable	Thursday, February 22, 2018	No later than 5:00 PM ET

¹ All due dates specified in the Auction Notice refer to the date and time on which the item(s) must be received by the Auction Manager.



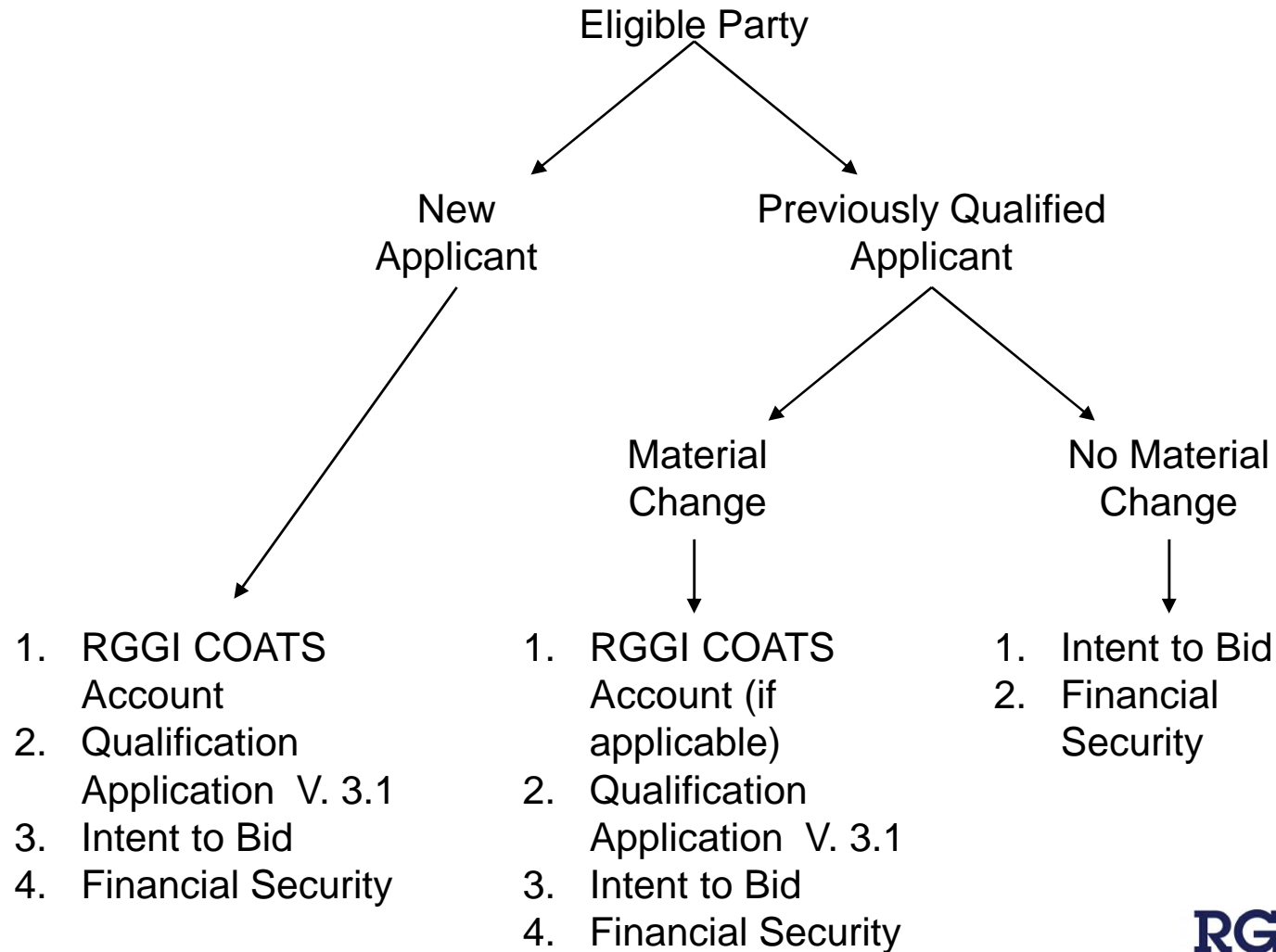
Schedule [2]

Event	Date	Time
Auction Manager sends qualification status to each Applicant	Tuesday, February 27, 2018	No later than 5:00 PM ET
Auction Manager distributes usernames & passwords	Tuesday, February 27, 2018	No later than 5:00 PM ET
Hold Auction Platform training sessions	Tuesday, March 06, 2018	1:00 to 4:00 PM ET
Hold Auction Platform training sessions	Wednesday, March 07, 2018	1:00 to 4:00 PM ET
Financial security due	Wednesday, March 07, 2018	No later than 5:00 PM ET
Auction Manager sends notification of participation status	Friday, March 09, 2018	No later than 5:00 PM ET
Hold Auction 39	Wednesday, March 14, 2018	9:00 AM to 12:00 PM ET
Auction 39 clearing price posted at http://www.rggi.org , thereafter bidders can log on to Auction Platform to view awards	Friday, March 16, 2018	10:00 AM ET
Optional cash settlement due	Wednesday, March 21, 2018	No later than 5:00 PM ET
Unused cash financial security returned	Wednesday, March 28, 2018	No later than 5:00 PM ET
Allowance transfer and confirmation	Thursday, March 29, 2018	No later than 5:00 PM ET

What's New for Auction 39

- Minimum Reserve Price Bid Limitation for 2018 is \$2.20 per CO₂ allowance.
- The Cost Containment Reserve (“CCR”) for calendar year 2018 is 10 million allowances. All 10 million CCR allowances are available in Auction 39.
- The “CCR Trigger Price” for 2018 is \$10.25 per CO₂ allowance.

Participation Requirements



New Applicants

- Open general account or retrieve compliance account number (if created) in the RGGI CO₂ Allowance Tracking System (RGGI COATS)
- Complete and submit the *Qualification Application*
- Complete and submit the *Intent to Bid*
- Meet the financial security requirements

Previously Qualified Applicant [1]

- Previously qualified applicant with a material change to information previously submitted becomes a new applicant
- Complete and submit a new *Qualification Application* and *Intent to Bid*
- Meet financial security requirements
- Material changes:
 - Form 1: Any change constitutes a material change, except for “Street Address,” “City,” “State/Province” [first occurrence], “Postal Code,” “Country,” “Years in Business,” and “URL for Applicant’s Web Site”
 - Form 2: Only a change to the Authorized Auction Representative(s) “First Name” and/or “Last Name” constitutes a material change
 - Form 3: Any change constitutes a material change
 - Form 4 and 6: Any change constitutes a material change for a previously qualified applicant
 - Form 8: Any change constitutes a material change

Previously Qualified Applicant [2]

- For changes to information previously submitted that are non material, please detail the changes in writing to the Auction Manager at auctionmanager@enernoc.com

Qualification Application Submission Instructions

- Qualification Application has been created as a Microsoft Word document with editable fields
- All forms are required for all new applicants or previously qualified applicants with a material change
- Submission requirements:
 - One (1) complete package (coversheet plus forms 1 through 8)
 - Signed by the PAAR
 - Submitted to the Auction Manager electronically via email in portable document format (PDF) or in hard copy
 - See “FAQs” for examples on submitting electronically via email
 - Must be received by the Auction Manager no later than 5:00 PM ET on Wednesday, January 31, 2018

Checklist / Coversheet

Insert Customer Name _____ Insert Date _____

Coversheet and Checklist

Date _____

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

The following are enclosed, all of which are required.

- ☐ Coversheet and Checklist
- ☐ Form 1 – General Information
- ☐ Form 2 – Authorized Auction Representative
- ☐ Form 3 – Evidence of a Compliance or General Account
- ☐ Form 4 – Corporate Associations, CO₂ Allowance Auction
- ☒ Form 5 – Not applicable for 2014
- ☐ Form 6 – Bidding Associations, CO₂ Allowance Auction
- ☐ Form 7 – Not applicable for 2014
- ☐ Form 8 – Attestations

Qualification Application – Version 3.1
Issued on January 13, 2014

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- Applicants must check off the boxes to indicate inclusion of the forms
- Applicants may assert that they consider information submitted in the Qualification Application to be confidential by checking the box at the bottom of each form
- Information contained in the Qualification Application will be held confidential to the extent permitted by applicable state laws

Form 1 – General Information [1]

Insert Customer Name _____ Insert Date _____

Form 1 – General Information

Name of Applicant _____

Street Address _____

City _____ State/Province _____ Postal Code _____ Country _____

Select the Appropriate Applicant Category (only one)

☐ Owner of an Electric Generation Source(s)²

☐ Broker

☐ Environmental Group

☐ Financial or Investment Institution

☐ Energy Marketing/Trading Firm

☐ Individual Person

☐ Other Market Participant (if selected, please provide a brief description in the box immediately 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. If a field below is not applicable or unanswerable, please respond with "n/a."

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

Place of Incorporation _____ Federal Tax ID _____ Dun & Bradstreet or DUNS Number _____

Year Founded _____ 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 MWe is considered a generation unit, and any facility that includes one or more generation units is considered a generation source.

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- Select applicant category
- If Other Market Participant selected, provide a brief description
- Describe core business or organization
- Additional information is required for business entities

Form 1 – General Information [2]

[illegible]

- Identification of electric generation sources, if applicable
 - Energy Information Agency (EIA) source name
 - EIA plant code
 - Source Street Address
 - City
 - State
 - Postal Code

Form 1 – General Information [3]

[illegible]

- Applicants may assert that they consider submitted information to be confidential by checking the box at the bottom of each Qualification Application form

Form 2 – Authorized Auction Representative

Insert Customer Name _____ Insert Date _____

Form 2 – Authorized Auction Representative
See the most recent auction notice's section titled "Authorized Auction Representative" for more information.

Primary Authorized Auction Representative

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

Secondary Authorized Auction Representative (optional)

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

Yes
☐ Do you assert that the submitted information on "Form 2 – Authorized Auction Representative" is confidential?

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Issued on January 13, 2014

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- Ideally the same person as the Authorized Account Rep. for RGGI COATS
- Applicant may designate a Secondary Authorized Auction Representative
- Authorized Auction Representative (s) receive all communications related to auction

Form 3 – Evidence of a RGGI COATS Account

Insert Customer Name _____ Insert Date _____

Form 3 – Evidence of a RGGI CO₂ Allowance Tracking System 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
☐ Do you assert that the submitted information on "Form 3 – Evidence of a RGGI CO₂ Allowance Tracking System Account" is confidential?

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- Account into which CO₂ allowances are transferred
 - Account number format is GNXXXXX for general accounts
 - Account number format is the two letter state abbreviation followed by a numeric string (e.g.; MAXXXXX) for compliance accounts

Form 4 – Corporate Associations [1]

Insert Customer Name _____ Insert Date _____

Form 4 – Corporate Associations
See the most recent auction notice's sections titled "Identifying Direct and Indirect Corporate Associations" and "Use of Direct and Indirect Corporate Associations" for more information.

Yes No
☐ ☐ The Applicant has a direct or indirect corporate association with another applicant.

An affirmative answer to this statement requires disclosure of the direct or indirect corporate association(s) in the space provided below. If additional information is required to explain the relationship(s), it can be provided in the space at the bottom of the page.

Name of Applicant	Bid Limitation (%)
_____	_____

Name of Associated Applicant	Bid Limitation (%)	The Type of Association (i.e., Direct or Indirect) and a Brief Description of the Association
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Additional Information

Include additional pages if necessary.

Yes
☐ Do you assert that the submitted information on "Form 4 –Corporate Associations CO₂ Allowance Auction" is confidential?

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Issued on January 13, 2014

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- *Auction Notice* contains complete definitions
- The FAQs include an example of how corporate associations are used
- Applicants with a corporate association will be treated as a single entity

Form 4 – Corporate Associations [2]

Insert Customer Name Insert Date

Form 4 – Corporate Associations
See the most recent auction notice's sections titled "Identifying Direct and Indirect Corporate Associations" and "Use of Direct and Indirect Corporate Associations" for more information.

Yes ☐ No ☐ The Applicant has a direct or indirect corporate association with another applicant.

An affirmative answer to this statement requires disclosure of the direct or indirect corporate association(s) in the space provided below. If additional information is required to explain the relationship(s), it can be provided in the space at the bottom of the page.

Name of Applicant	Bid Limitation (%)

Name of Associated Applicant	Bid Limitation (%)	The Type of Association (i.e., Direct or Indirect) and a Brief Description of the Association

Additional Information

Include additional pages if necessary.

Yes ☐ Do you assert that the submitted information on "Form 4 – Corporate Associations CO₂ Allowance Auction" is confidential?

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Issued on January 13, 2014 Page 8

- Information that must be disclosed includes:
 - Name of applicant and bid limitation
 - Name of associated applicant
 - Bid Limitation (%)
 - The type of corporate association (i.e., direct or indirect) and a brief description of it
 - Corporate parent, subsidiary, sister company, partnership, other

Form 4 – Corporate Associations [3]

Insert Customer Name _____ Insert Date _____

Form 4 – Corporate Associations
See the most recent auction notice's sections titled "Identifying Direct and Indirect Corporate Associations" and "Use of Direct and Indirect Corporate Associations" for more information.

Yes No
☐ ☐ The Applicant has a direct or indirect corporate association with another applicant.

An affirmative answer to this statement requires disclosure of the direct or indirect corporate association(s) in the space provided below. If additional information is required to explain the relationship(s), it can be provided in the space at the bottom of the page.

Name of Applicant	Bid Limitation (%)
_____	_____

Name of Associated Applicant	Bid Limitation (%)	The Type of Association (i.e., Direct or Indirect) and a Brief Description of the Association
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Additional Information

Include additional pages if necessary.

Yes
☐ Do you assert that the submitted information on "Form 4 – Corporate Associations CO₂ Allowance Auction" is confidential?

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- Bid Limitation (%)
 - Bid limitations are enforced in a static manner
 - The sum of apportioned bid limitations 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 limitation to be reduced
 - Bid limitations reported by associated applicants must be identical

Form 5 – Not Applicable for 2018

Insert Customer Name	Insert Date
Form 5 –	
[Intentionally left blank]	
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Form 6 - Bidding Associations[1]

Insert Customer Name _____ Insert Date _____

Form 6 – Bidding Associations

The information in each Applicant's *Qualification Application* will be used to limit the quantity of CO₂ allowances bid by each party in the Bidding Association. See the most recent auction notice's sections titled "Identifying Bidding Associations" and "Use of Bidding Associations" for more information and examples.

Yes No
☐ ☐ The Applicant has or expects to have a Bidding Association with another party.

An affirmative answer to this statement requires disclosure of the bidding association(s).

Yes No
☐ ☐ Does the bidding association involve bidding on a specific quantity of CO₂ allowances? If yes, fill out Table 1. If no, fill out Table 2

Table 1 – Bidding Associations Involving a Specific Quantity of CO₂ Allowances

Name of Other Party	Is the Other Party an Applicant?	Position of Other Party (Purchaser, Recipient, or N/A. If N/A selected please provide additional information below)	Description of the Type of Bidding Association (Reference Notice Section 7.2.3.3 a-d, or other. If other selected please provide additional information below)	Quantity or % of CO ₂ Allowances

Additional Information

Include additional pages if necessary.

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Issued on January 13, 2014

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- *Auction Notice* contains complete definitions
- The FAQs include an example of how bidding associations are used
- Applicants with a bidding association will be treated as a single entity

Form 6 - Bidding Associations [2]

Insert Customer Name _____ Insert Date _____

Table 2 – Bidding Associations Not Involving a Specific Quantity of CO₂ Allowances

Name of Applicant	Bid Limitation (%)	The Type of Bidding Association and a Brief Description of the Association (Reference to the Section 7.2.2.3 and/or other, if other, please provide additional information below)

Additional Information: _____

Include additional pages if necessary.

Yes ☒ Do you assert that the submitted information on "Form 6 – Bidding Associations, Current Allocation Year CO₂ Allowance Auction" is confidential?

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Issued on July 07, 2014

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- Provide the type of bidding association and a brief description (a-d, or other)
 - a) Has agreed to provide assistance with financing
 - b) Is partnered with the other party for bidding purposes
 - c) Has entered into any explicit or implicit agreements, etc.
 - d) Expects to share Confidential Information

Form 7 – Not Applicable for 2018

Insert Customer Name	Insert Date
Form 7 –	
[Intentionally left blank]	
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Form 8 – Attestations [1]

Insert Customer Name Insert Date

Form 8 – Attestations

The following attestations must be made.

The Applicant must answer yes or no for attestations 1-5. If the Applicant answers affirmatively to any of attestations 1-5, an explanation must be provided. An affirmative answer to any of these attestations does not automatically disqualify the Applicant. The explanation provided will be used to inform the decision regarding the applicant's qualification status. Include additional pages if necessary.

1. Has the Applicant, or any of its corporate officers, directors, principals, members (if the applicant is a LLC or LLP), or partners been indicted for a felony, in any federal or state jurisdiction, within the five (5) years up to and including the date of this *Qualification Application*?
Yes ☐ **No** ☐ **If Yes, Provide an Explanation**
2. Has the Applicant or any of its corporate officers, directors, principals, members (if the applicant is a LLC or LLP), or partners been convicted of a felony, within the five (5) years preceding the date of this *Qualification Application*?
Yes ☐ **No** ☐ **If Yes, Provide an Explanation**
3. Has the Applicant 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 market², exchange, or by the Securities and Exchange Commission or Commodity Futures Trading Commission?
Yes ☐ **No** ☐ **If Yes, Provide an Explanation**
4. Has the Applicant had any permit or authority to do business in any jurisdiction revoked or suspended?
Yes ☐ **No** ☐ **If Yes, Provide an Explanation**
5. Has the Applicant 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 Yes, Provide an Explanation**
6. All the information provided in this *Qualification Application* is accurate, true, and not misleading.
7. The Primary Authorized Auction Representative designated on Form 2 is authorized to represent the Applicant in all matters regarding CO₂ Allowance Auctions.

² Commodities include air emissions allowances, permits, Renewable Energy Credits, or other market instruments.

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- Disclosure of:
 - Indictment for a felony in federal or state jurisdiction
 - Violations in connection with any commodity market, exchange, or by the SEC or CFTC
 - Revocation or suspension of a business permit
 - Finding of non-responsiveness

Form 8 – Attestations [2]

Insert Customer Name _____ Insert Date _____

8. The Secondary Authorized Auction Representative designated on Form 2 is authorized to (1) submit bids on behalf of the Applicant in any CO₂ Allowance Auction; (2) submit an *Intent to Bid* on behalf of the Applicant for any CO₂ Allowance Auction; and (3) act on behalf of the Applicant in the remediation of the *Qualification Application* and/or any *Intent to Bid*.

9. The Applicant will be responsible for all confidential information regarding the CO₂ Allowance Auctions and will not publicly release confidential information, to the extent permitted by applicable state law.

10. 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.

11. The Applicant, if not a compliance entity required by the laws or rules 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

Name in Print

Title

Yes
☐ Do you assert that the submitted information on "Form 8 – Attestations" is confidential?

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Issued on January 13, 2014

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- 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 PAAR

Intent to Bid

Submission Instructions

- The Intent to Bid has been created as a Microsoft Word document with editable fields
- Submission requirements:
 - One (1) complete package (coversheet plus forms 1 and 2)
 - Signed by the PAAR or
 - Signed by the SAAR
 - Appendix G or Qualification Application V 3.1
 - Submitted to the Auction Manager electronically via email in portable document format (PDF) or in hard copy
 - See “FAQs” for examples on submitting electronically via email
 - Must be received by the Auction Manager no later than 5:00 PM ET on Wednesday, January 31, 2018

Checklist / Coversheet

Insert Applicant Name _____ Insert Date _____

Coversheet and Checklist

Date _____

Name of Applicant (as it appears on Applicant's qualification application) _____

Primary Authorized Auction Representative (as it appears on Applicant's qualification application) _____

The following are enclosed, all of which are required.

☐ Coversheet and Checklist
☐ Form 1 – Intent to Bid and Material Change
☐ Form 2 – Signature Page

Yes
☐ Do you assert that the submitted information on "Coversheet and Checklist" is confidential?

Intent to Bid
Issued on January 13, 2014

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- Applicants must check off the boxes to indicate inclusion of the forms
- Applicants may assert that they considers information submitted in the Intent to Bid to be confidential by checking the box at the bottom of each form
- Information contained in the Intent to Bid will be held confidential to the extent permitted by applicable state laws

Form 1 – Material Change

Insert Applicant Name _____ Insert Date _____

Form 1 – Intent to Bid and Material Change

Yes
☒ The Applicant Intends on participating in Auction 32.

A previously qualified applicant with a material change to the information previously submitted in its qualification application becomes a new applicant and must follow the requirements and procedures outlined in Auction Notice Section 2.2. Specific criteria outlining what constitutes a material change to previously submitted information in a qualification application are:

- Form 1: Any change constitutes a material change, except for "Street Address," "City," "State/Province" (first occurrence), "Postal Code," "Country," "Years in Business," and "URL for Applicant's Web Site."
- Form 2: Only a change to the Authorized Auction Representative(s) "First Name" and/or "Last Name" constitutes a material change.
- Form 3: Any change constitutes a material change.
- Form 4: Any change constitutes a material change if a previously qualified applicant intends to participate in Auction 32.
- Form 5: Not applicable for 2016.
- Form 6: Any change constitutes a material change if a previously qualified applicant intends to participate in Auction 32.
- Form 7: Not applicable for 2016.
- Form 8: Any change constitutes a material change.

For any non-material change(s), provide it in writing to the Auction Manager via email at auctionmanager@enernoc.com.

Select the appropriate category (only one)

☐ The Applicant has a material change as defined above and will be submitting the Qualification Application – Version 3.1 as outlined in Auction Notice Section 2.2

☐ The Applicant does not have a material change as defined above.

Does the Applicant have a business relationship with the RGGI Auction Manager and/or the Independent Market Monitor:

Yes
☐ EnerNOC, Inc.
☐ Potomac Economics

Yes
☐ Do you assert that the submitted information on "Form 1 – Intent to Bid and Material Change" is confidential?

Intent to Bid
Issued on April 04, 2016

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- As you can see, the “Yes” box is checked already because there is only one offering of allowances
- Provides clear guidance on what is or is not a material change
- Non-material changes must be provided in writing to the Auction Manager
- Also required is the Applicant to state if they have a relationship with the RGGI, Inc. contractors

Form 1 – Material Change

Insert Applicant Name _____ Insert Date _____

Form 1 – Intent to Bid and Material Change

Yes ☒ The Applicant Intends on participating in Auction 32.

A previously qualified applicant with a material change to the information previously submitted in its qualification application becomes a new applicant and must follow the requirements and procedures outlined in Auction Notice Section 2.2. Specific criteria outlining what constitutes a material change to previously submitted information in a qualification application are:

- Form 1: Any change constitutes a material change, except for "Street Address," "City," "State/Province" [first occurrence], "Postal Code," "Country," "Years in Business," and "URL for Applicant's Web Site."
- Form 2: Only a change to the Authorized Auction Representative(s) "First Name" and/or "Last Name" constitutes a material change.
- Form 3: Any change constitutes a material change.
- Form 4: Any change constitutes a material change if a previously qualified applicant intends to participate in Auction 32.
- Form 5: Not applicable for 2016.
- Form 6: Any change constitutes a material change if a previously qualified applicant intends to participate in Auction 32.
- Form 7: Not applicable for 2016.
- Form 8: Any change constitutes a material change.

For any non-material change(s), provide it in writing to the Auction Manager via email at auctionmanager@enernoc.com.

Select the appropriate category (only one)

☐ The Applicant has a material change as defined above and will be submitting the Qualification Application – Version 3.1 as outlined in Auction Notice Section 2.2

☐ The Applicant does not have a material change as defined above.

Does the Applicant have a business relationship with the RGGI Auction Manager and/or the Independent Market Monitor?

Yes ☐ EnerNOC, Inc.

☐ Potomac Economics

Yes ☐ Do you assert that the submitted information on "Form 1 – Intent to Bid and Material Change" is confidential?

Intent to Bid
Issued on April 04, 2016

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- 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 – Signature Page

Insert Applicant Name _____ Insert Date _____

Form 2 – Signature Page
The following attestations must be made.

1. All the information provided herein is accurate, true, and not misleading.
2. The Applicant has read and understands the auction procedures and requirements as outlined in the *Auction Notice*.
3. The Applicant will comply with and be bound by the auction procedures and requirements as outlined in the *Auction Notice*.
4. The Applicant acknowledges that failure to comply with any of the auction procedures or requirements, as contained in the *Auction Notice*, may result in a procedure violation and barring from Auction 23 and/or future CO₂ Allowance Auctions.
5. The Applicant acknowledges that 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.
6. The undersigned is authorized to make these attestations on behalf of the Applicant.

Signature of Authorized Auction Representative Date

Name in Print

Title

Yes
☐ Do you assert that the submitted information on "Form 2 – Signature Page" is confidential?

Intent to Bid
Issued on January 13, 2014

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- PAAR or SAAR 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

SAAR Authorization Form

Secondary Authorized Auction Representative Authorization Form

Name of Applicant _____

Secondary Authorized Auction Representative

First Name _____ Last Name _____ Title _____

Office Phone _____ Mobile Phone _____ Fax _____ Company _____

Email Address _____

Street Address _____

City _____ State/Province _____ Postal Code _____ Country _____

The individual identified above is designated by the previously qualified Applicant as the Secondary Authorized Auction Representative in the Applicant's previously submitted Qualification Application.

The Secondary Authorized Auction Representative is hereby authorized to (1) submit bids on behalf of the Applicant in any CO₂ Allowance Auction; (2) submit an *Intent to Bid* on behalf of the Applicant for any CO₂ Allowance Auction; and (3) act on behalf of the Applicant in the remediation of the Qualification Application and/or any *Intent to Bid*.

Signature of Primary Authorized Auction Representative Date

Name in Print

Title

Yes
☐ Do you assert that the submitted information on "Secondary Authorized Auction Representative Authorization Form" is confidential?

Issued on January 13, 2014 Page G-2

- Applicants last qualified prior to Auction 7, must submit Appendix G to authorize the SAAR to submit an Intent to Bid and act on behalf of the Applicant in remediation
- Form only needs to be submitted once
- Form must be signed by the PAAR
- Same deadline as *Intent to Bid*: Form must be received by the Auction Manager no later than at 5:00 PM ET on Wednesday, January 31, 2018

RGGI Inc.



Financial Security [1]

- Only three acceptable forms of financial security: (1) bond (2) cash in the form of a wire transfer or certified funds, (3) an ILOC
- Financial security, in United States dollars (USD), must be received no later than 5:00 PM ET on Wednesday, March 07, 2018
- The amount of financial security will be used to set bidding limitations
- Appendices are also available in Microsoft Word format at the auction website: http://www.rggi.org/market/co2_auctions
- Form of bond is provided in Appendix A and form of ILOC is provided in Appendix D
- No material changes will be permitted to the form of bond or ILOC
 - To the extent the submitted bond or ILOC differs from the forms provided, the Potential Bidder assumes the risk that the bond or ILOC may be rejected

Financial Security [2]

- There is an additional form for bidders posting cash financial security
- All unused cash balances will be processed via Automated Clearing House (“ACH”) credit no later than Wednesday, March 28, 2018
- Each winning bidder who submits an ILOC or bond can settle its transaction with cash via a wire transfer
 - Wire transfers must be received no later than 5:00 PM ET on Wednesday, March 21, 2018
 - Failure to settle a transaction in this manner will result in a sight draft against the bond or ILOC on Thursday, March 22, 2018

Wire Transfer Remittance Form

Wire Transfer Remittance Form for CO₂ Allowance Auction 23

Name of Applicant

Street Address

City State/Province (if applicable) Postal Code Country

In the field below indicate the amount of financial security provided with certified funds.

Financial Security (USD)

All unused cash balances will be returned to applicants via Automated Clearing House ("ACH") credit. Information on where the cash will be sent must be provided below.

Account Name	<input type="text"/>
ABA Number	<input type="text"/>
Account Number	<input type="text"/>
Type of Account (Checking/Savings)	<input type="text"/>

Issued on January 13, 2014

Page B-2

- This form must be faxed or emailed on or before the day of the wire transfer and no later than 5:00 PM ET on Wednesday, March 07, 2018 to ensure that the financial security is credited to the appropriate bidder
 - Fax: 508.459.8101
 - Email:
auctionmanager@enernoc.com

Certified Funds Remittance Form

Certified Funds Remittance Form for CO₂ Allowance Auction 23

Name of Applicant:

Street Address:

City: State/Province (if applicable): Postal Code: Country:

In the field below indicate the amount of financial security provided with certified funds.

Financial Security (USD):

All unused cash balances will be returned to applicants via Automated Clearing House ("ACH") credit. Information on where the cash will be sent must be provided below.

Account Name	<input type="text"/>
ABA Number	<input type="text"/>
Account Number	<input type="text"/>
Type of Account (Checking/Savings)	<input type="text"/>

Issued on January 13, 2014

Page C-2

- This form must be enclosed with your check sent to the Auction Manager and a copy must be faxed or emailed on or before the day the check is mailed to ensure that the financial security is credited to the appropriate bidder

– Fax: 508.459.8101

– Email:

auctionmanager@enernoc.com

RGGI CO₂ Allowance Tracking System Account [1]

- Applicant's RGGI CO₂ Allowance Tracking System (RGGI COATS) account is where awarded CO₂ allowances will be transferred.
- Applicant must have active RGGI COATS account to submit a Qualification Application.
- Either a "general" or "compliance" account may be registered. The majority of affected sources in the states participating in the RGGI control period have been approved by their respective state agencies for compliance accounts. An applicant without a compliance account may create and register a general account for Auction 39.

RGGI CO₂ Allowance Tracking System Account [2]

- If not already a RGGI COATS user, applicants are encouraged to start the user application process immediately to ensure establishment of a RGGI COATS general account before submitting CO₂ Allowance Auction Qualification Application – Version 3.1
 - See <https://rggi-coats.org> for details including the RGGI COATS User's Guide at:
https://rggi-coats.org/eats/rggi/image/help/_rggi/RGGIGettingStartedGuide.pdf

The User's Guide may also be accessed by selecting the User's Guide sub-menu option under the Reference menu option.

Registering to Use RGGI COATS

- In order to create a general account or to access an existing account in RGGI COATS, you must first register to be a user.
- A user account is assigned to one natural person and may not be shared. Each natural person who will access a RGGI COATS general account and/or compliance account as an Authorized Account Representative (AAR), Alternate AAR or electronic submission agent requires a personal user account (login name and password).
- Individuals who did not receive an email invitation to register may request a RGGI COATS user account via <https://rggi-coats.org>.

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

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

The RGGI CO₂ Allowance Tracking System (RGGI COATS) is the platform that records and tracks data for each state's CO₂ Budget Trading Program.

Public Reports

RGGI COATS enables the public to view, customize, and download reports of RGGI program data and CO₂ allowance market activity.

Access reports here:

[Special Approvals](#)

[Offset Projects](#)

[Accounts](#)

[Account Representatives](#)

[Sources](#)

[Owner/Operator](#)

[Transaction Price Report](#)

[Quarterly Emissions](#)

[Annual Emissions](#)

[Control Period Emissions](#)

[Summary Level Emissions](#)

RGGI COATS Accounts

RGGI COATS enables market participants to receive and transfer CO₂ allowances, register offset projects, and submit offset project Consistency Applications and Monitoring and Verification Reports.

Registered users login below.

A login is required only for authorized account representatives (AARs), alternate account representatives (AAARs), or electronic submission agents to access compliance or general accounts.

Username *

Login

[Register to use RGGI COATS](#)

Click here to register to become a RGGI COATS user.

[Forgot your RGGI COATS username?](#)

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 climate change.

RGGI Inc.

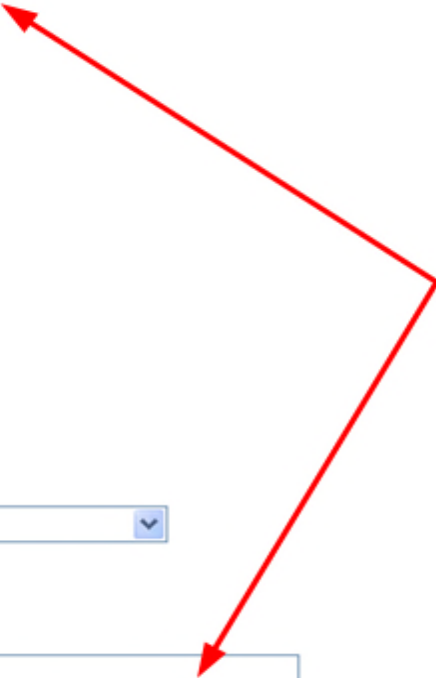
RGGI Inc. is a nonprofit corporation created to provide technical and administrative services to the Regional Greenhouse Gas Initiative CO₂ budget trading programs of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont.

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. Fields marked by * are required.

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"/>



Enter 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 by an *) and then click Next.**

RGGI Inc.



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

Registering to use RGGI COATS (continued)

- Agree to the terms page displayed after clicking 'Next'.
- Print, sign in blue ink, and submit the User Login Request Form to CSRA:
CSRA International, Inc.
650 Peter Jefferson Pkwy
Suite 300
Charlottesville, VA 22911
- Once CSRA has processed the User Login Request Form, you will receive notice at the email address you registered that you can access the system.

Creating a General Account

- Log into RGGI COATS via <https://rggi-coats.org>
- Select the Create General Account option
- The user creating the general account must be the AAR

The screenshot displays the RGGI CO₂ ALLOWANCE TRACKING SYSTEM interface. At the top, a navigation bar includes the text "INDUSTRY USER" followed by links: "My Profile", "Contact Us", "Home", and "Log Out". Below this is a large banner with the text "RGGI CO₂ ALLOWANCE TRACKING SYSTEM". Underneath the banner is a dark blue bar with the text "RGGI CO₂ BUDGET TRADING PROGRAMS". The main navigation area consists of five tabs: "Accounts", "Sources", "Allowance Transactions", "Reports", and "Reference". The "Accounts" tab is highlighted, and a mouse cursor is pointing at the "Create General Account" link within its dropdown menu. A red arrow points from the text "Move your mouse pointer over the Accounts menu link to display the Create General Account sub-menu." to the "Accounts" tab. Below the navigation tabs, there are three light blue boxes. The first box contains the text "The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by participating states to reduce". The second box is empty. The third box contains the text "Announcements".

INDUSTRY USER : My Profile : Contact Us : Home : Log Out

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

Accounts Sources Allowance Transactions Reports Reference

Create General Account Accounts

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

Announcements

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

[Accounts](#)[Sources](#)[Allowance Transactions](#)[Reports](#)[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"/>

[Next](#)

Enter an Account Name

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

[Accounts](#)[Sources](#)[Allowance Transactions](#)[Reports](#)[Reference](#)[Help](#)

Create Account: Designate Account Ownership

To create a General Account, any and all organization(s) with ownership interest in the allowances 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	User, Industry

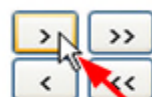
Select organizations from the list

Candidate Organizations

AES Creative Resources, LP
AES Eastern Energy, LP
AES Greenidge, LLC
AES Hickling, LLC
AES Ironwood
AES Jennison, LLC
AES Londonderry, LLC
AES Red Oak, LLC
AES Somerset, LLC
AES Thames, Inc.
AES Warrior Run Limited Partnership
AES Warrior Run LLC
AES Westover, LLC
AES Westover, LLC
AES Westover, LLC
AG Energy, 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

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

Accounts

Sources

Allowance Transactions

Reports

Reference

Help

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

Use the filter to find a person

Filter Criteria ▼	
First Name	<input type="text"/>
Last Name	<input type="text"/>
Organization Name	<input type="text"/>
<input type="button" value="Filter"/>	<input type="button" value="Clear"/>

Account Name	ABC Manufacturing General Account
Account Type	General
Authorized Account Representative	User, Industry

Organizations

Owner/Operator	Owner/Operator Role
ABC Manufacturing	Owner

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.	

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

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

[Accounts](#)[Sources](#)[Allowance Transactions](#)[Reports](#)[Reference](#)[Help](#)

Create Account: Review and Submit

Account Name	ABC Manufacturing General Account
Account Type	General
Authorized Account Representative	User, Industry
Alternate Authorized Account Representative	User II, Industry

Organizations

Owner/Operator	Owner/Operator Role
ABC Manufacturing	Owner

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 issued to me by the Department or its agent¹ or a court regarding the general account.

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

Enter password *

[Back](#) [Submit](#)

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

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

Accounts

Sources

Allowance Transactions

Reports

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 GN10875
Account Name ABC Manufacturing General Account
Account Type General
Status Open
Opened on 04/13/2009
Closed on
Allowances can be Transferred Yes
Allowances can be Acquired Yes
State All States

General Account Number to register for auction.

[Save](#)
[Account Representative Details](#)
[Electronic Submission Agents](#)
[Owner Details](#)
[Available Allowances](#)

Account Representative Details

	Name	Representative Type	Begin Date
<input type="radio"/>	User, Industry	Authorized Account Representative	04/13/2009
<input type="radio"/>	User II, Industry	Alternate Authorized Account Representative	04/13/2009

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

Accessing a Compliance Account

- Verify role as the source RGGI representative in EPA's CBS via <https://camd.epa.gov/cbs> as RGGI COATS mirrors the relationship for RGGI compliance accounts.
- Log into RGGI COATS via <https://rggi-coats.org>

The screenshot shows the RGGI CO₂ Allowance Tracking System website. At the top, a dark blue header contains the text "INDUSTRY USER" followed by navigation links: "My Profile", "Contact Us", "Home", and "Log Out". Below this is a large banner with the title "RGGI CO₂ ALLOWANCE TRACKING SYSTEM". Underneath the banner is a dark blue navigation bar with the text "RGGI CO₂ BUDGET TRADING PROGRAMS". Below the navigation bar is a light blue menu bar with five items: "Accounts", "Sources", "Allowance Transactions", "Reports", and "Reference". The "Accounts" item is highlighted with a red arrow pointing to it, and a tooltip box appears over it with the text "Accounts". Below the menu bar, there are three light blue boxes. The first box on the left contains the text "Click on the Accounts menu to access the Accounts Home Page." in red. The middle box contains a paragraph of text about the RGGI. The right box contains the text "Announcements" and "Test Most Recent".

INDUSTRY USER : My Profile : Contact Us : Home : Log Out

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

[Accounts](#) | [Sources](#) | [Allowance Transactions](#) | [Reports](#) | [Reference](#)

Create General Accounts

Click on the Accounts menu to access the Accounts Home Page.

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

Announcements
Test Most Recent

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

RGGI CO₂ BUDGET TRADING PROGRAMS

Accounts

Sources

Allowance Transactions

Reports

Reference

Print

Help

Accounts

Click on the Account Number link in the grid below to view account details. Use the filter criteria to the right to find a specific account or list of accounts more easily. Click the Export Data button under the grid to export the grid data to Excel (.csv). Also, note that the grid can be sorted by clicking on the grid column headers (first click is ascending, second click is descending).

Filter Criteria ▼

Account Number

Account Name

ORIS Code

Authorized Account Representative

State

Status

Account Type

Filter

Clear

Account Number ▲	State	Account Name	ORIS Code	Authorized Account Representative	Account Type	Status
CT10766	CT	819 Source Compliance Account	8190	Reilly, Megan	Compliance	Open
CT10774	CT	Aiya Source Compliance Account	8642	Reilly, Megan	Compliance	Open
CT10788	CT	ABC Source Compliance Account	9630	Reilly, Megan	Compliance	Open

1 - 3 of 3

Export Data

Click on the hyperlinked Account Number to access the Compliance Account Details.

RGGI CO₂ ALLOWANCE TRACKING SYSTEMRGGI CO₂ BUDGET TRADING PROGRAMS

Accounts

Sources

Allowance Transactions

Reports

Reference

Print

Help

Account Details

Account Number CT10788
Account Name ABC Source Compliance Account
Account Type Compliance
Status Open
Opened on 09/02/2008
Closed on
Allowances can be Transferred Yes
Allowances can be Acquired Yes
State CT

 Compliance Account Number to register for auction.[Back](#)[Source Details](#)[Account Representative Details](#)[Electronic Submission Agents](#)[Owner Details](#)[Available Allowances](#)

Source Details

ORIS Code	Source Name	State Identifier
9630	ABC Source	9-6633-13579

Qualification Application Review and Determination [1]

- Receipt confirmations will be sent out each day via email
- Initial Review
 - Failure to provide any information required will result in the Qualification Application being deemed incomplete or otherwise deficient
 - Notifications via email will be provided no later than 3:00 PM ET on Wednesday, February 07, 2018
- Remediation
 - Failure to remediate may result in qualification denial
 - Additional information must be provided no later than 5:00 PM ET on Thursday, February 22, 2018

Qualification Application Review and Determination [2]

- State Review
 - Each state will review each Applicant's Qualification Application and make a determination to grant or deny qualification to each Applicant
- Qualification Notification
 - Each Applicant will be notified via email no later than 5:00 PM ET on Tuesday, February 27, 2018 as to whether its qualification has been granted or denied

Intent to Bid Review and Determination[1]

- Receipt confirmations will be sent out each day via email
- Initial Review
 - Failure to provide any information required will result in the Intent to Bid being declared incomplete
 - Failure to submit a Qualification Application due to a material change will result in the Qualification Application and/or Intent to Bid being deemed incomplete or otherwise deficient
 - Remediation notifications will be e-mailed no later than 3:00 PM ET on Wednesday, February 07, 2018
- Remediation
 - Failure to remediate may result in Auction 39 participation or qualification denial
 - Additional information must be provided no later than 5:00 PM ET on Thursday, February 22, 2018

Intent to Bid Review and Determination[2]

- State Review
 - Each state will review each Intent to Bid and make a determination as to the completeness of each Applicant's Intent to Bid
- Completeness Notification
 - Each Applicant will be notified via email no later than 5:00 PM ET on Tuesday, February 27, 2018 as to whether its Intent to Bid has been determined to be complete or not

Confidential Information

- Applicant may not publicly release 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

Limitation on Communication

- After the relevant Qualification Application filing deadline, an Applicant may not communicate 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

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 includes a Cost Containment Reserve (“CCR”)
 - Auction 39 will contain 10,000,000 allowances
- Auction Notice provides clear guidance on determining the interim and final 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 in multiples 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

Bid Limitations [1]

- Reserve Price
 - The reserve price is \$2.20 per CO₂ allowance
- Financial Security
 - The value of a bidder's bids cannot exceed the amount of a bidder's financial security
 - The value of a bidder's bids is the maximum value the bidder would be liable to pay in a uniform-price auction format
 - This is the same approach utilized since Auction 2

Bid Limitations [2]

- Quantity of CO₂ Allowances
 - The maximum number of CO₂ allowances that an entity (i.e., an individual person, or an organization and its affiliates and/or agents), may bid for in a single auction is 25% of the CO₂ allowances offered for sale (“Initial Offering”)
 - 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 CO₂ Allowance Auction
 - There is no prohibition against associations among bidders, but they must be disclosed properly

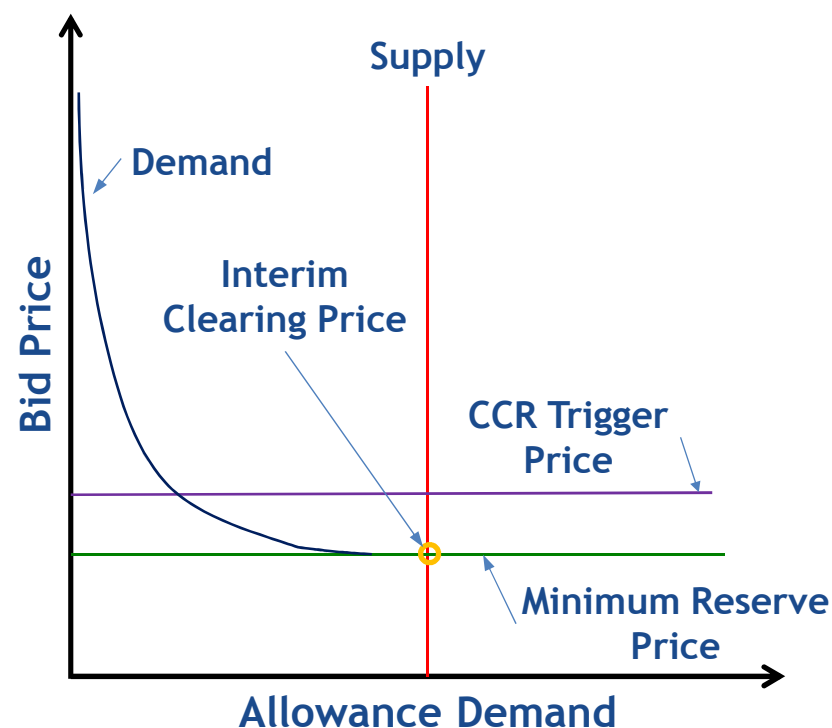
Bid Limitations [3]

- Quantity of CO₂ Allowances (cont.)
 - Corporate Associations
 - See Auction Notice for corporate association definition
 - Bidding Associations
 - Bidding associations only relate to CO₂ allowances offered for sale in a RGGI auction
 - See Auction Notice for bidding association definition
- All bid limitations are evaluated at the time of submittal
- The Auction Platform will not allow bids that violate any bid limitations to be submitted

Cost Containment Reserve Overview and Mechanics

- The CCR is designed to moderate the price of CO₂ allowances
 - The CCR contains a number of CO₂ allowances that, under certain circumstances, will be offered for sale
- Once the pool of CO₂ allowances available in the CCR is exhausted, no CCR Allowances will be available for the remainder of that calendar year
- The CCR trigger price (“CCR Trigger Price”) for Auction 39 is \$10.25

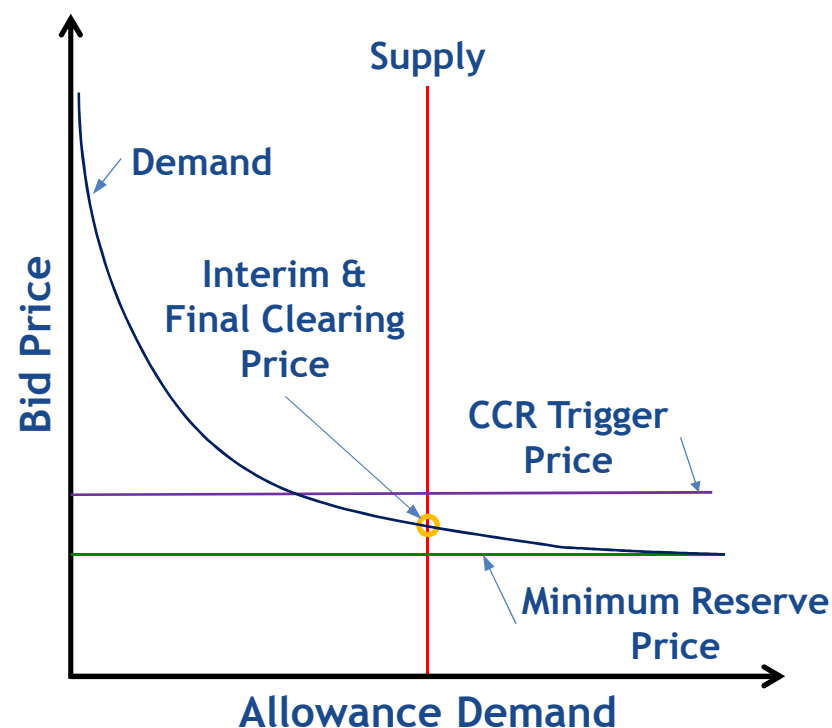
Mechanics of the CCR: Clearing Price and Allowance Awards [1]



Scenario No. 1 – Total Demand \leq Initial Offering

- Step 1: The Interim Clearing Price
 - Interim Clearing Price = Minimum Reserve Price
- Step 2: CCR Allowances to be Released & Final Clearing Price
 - Zero CCR allowances are released in this scenario
 - Final Clearing Price = Interim Clearing Price
- Step 3: CO₂ Allowance Award
 - Allowances awarded to all bidders

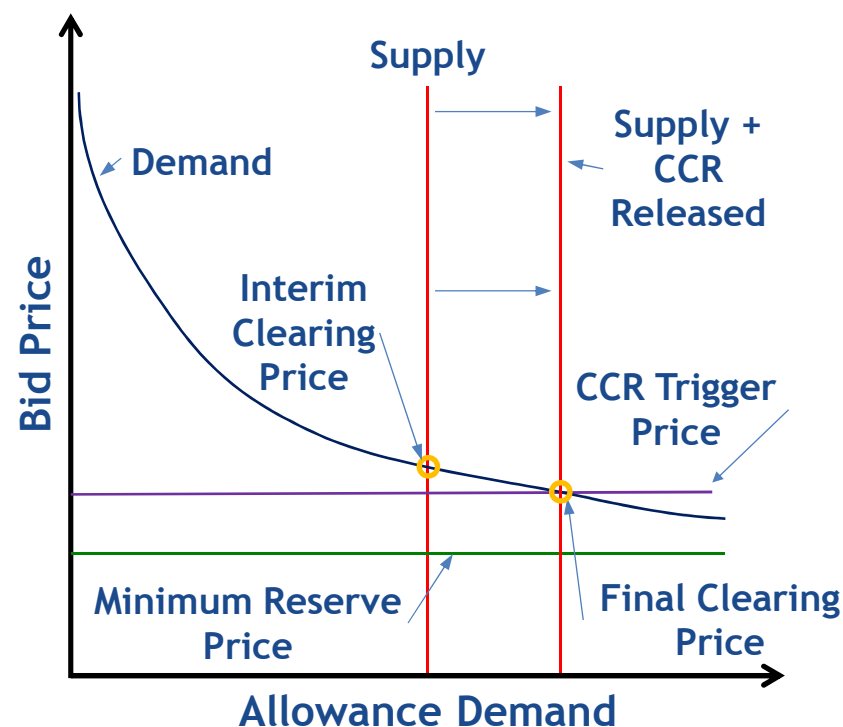
Mechanics of the CCR: Clearing Price and Allowance Awards [2]



Scenario No. 2 – Total Demand > Initial Offering, CCR is not Triggered

- Step 1: The Interim Clearing Price
 - Interim Clearing Price < CCR Trigger Price
- Step 2: CCR Allowances to be Released & Final Clearing Price
 - Zero CCR allowances are released in this scenario
 - Final Clearing Price = Interim Clearing Price
- Step 3: CO₂ Allowance Award
 - Allowances awarded to bids with bid prices > Final Clearing Price
 - Tie breaker may apply for bids with bid prices = Final Clearing Price

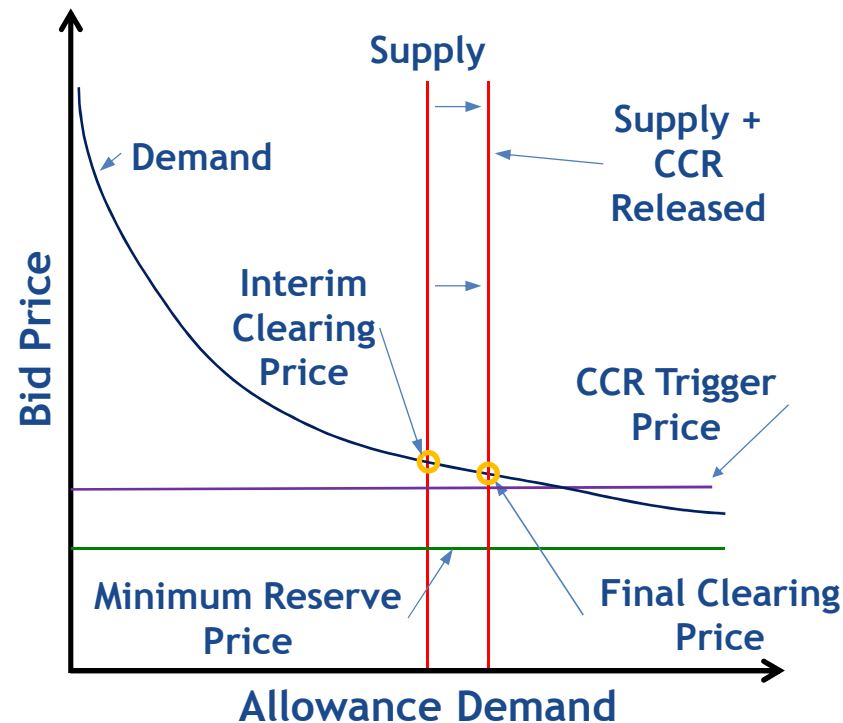
Mechanics of the CCR: Clearing Price and Allowance Awards [3a]



Scenario No. 3a – Total Demand > Initial Offering, CCR is Triggered

- Step 1: The Interim Clearing Price
 - Interim Clearing Price > CCR Trigger Price
- Step 2: CCR Allowances to be Released & Final Clearing Price
 - CCR allowances are released in this scenario until Final Clearing Price = CCR Trigger Price
- Step 3: CO₂ Allowance Awarded
 - Allowances awarded to bids with bid prices > Final Clearing Price
 - Tie breaker may apply for bids with bid prices = Final Clearing Price

Mechanics of the CCR: Clearing Price and Allowance Awards [3b]



Scenario No. 3b – Total Demand > Initial Offering, CCR is Triggered

- Step 1: The Interim Clearing Price
 - Interim Clearing Price > CCR Trigger Price
- Step 2: CCR Allowances to be Released & Final Clearing Price
 - CCR allowances are released in this scenario until CCR is exhausted
- Step 3: CO₂ Allowance Awarded
 - Allowances awarded to bids with bid prices > Final Clearing Price
 - Tie breaker may apply for bids with bid prices = Final Clearing Price

Auction Format Example No. 1

- Sample auction for 100,000 CO₂ allowances
 - The reserve price is \$2.15 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 C's bid at \$3.85

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	\$2.25	16,000	213,000
Bidder A	\$2.15	13,000	226,000

- Clearing price is the bid price of the tied bids after the marginal bid, or \$3.80 per CO₂ allowance

Auction Format Example No. 2

- Bidders E, D, A, & B all submit bids at \$3.75 causing cumulative demand to exceed supply
 - Sample auction for 100,100 CO₂ allowances
 - 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	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	

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

Auction Format Example No. 3 [1]

- Sample auction for 100,000 CO₂ allowances with 100,000 CCR Allowances
 - The reserve price is \$2.15 per CO₂ allowance
 - The CCR Trigger Price is \$4.00 perCO₂ allowance
- All bids are ranked by bid price from high to low
 - 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
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
Bidder D	\$3.25	16,000	213,000
Bidder A	\$3.15	13,000	226,000

< Interim Clearing Price

< Final Clearing Price

- Step 1: The Interim Clearing Price
 - Bidder C's bid causes cumulative demand to equal supply
 - Interim clearing price is the bid price after the marginal bid

Auction Format Example No. 3 [2]

- Step 2: CCR Allowances to be Released and the Final Clearing Price
 - Since the interim clearing price is above the CCR Trigger Price, CCR Allowances are released until:
 - The final clearing price equals the CCR Trigger Price; or
 - The CCR is exhausted
 - In this example, the CCR is not exhausted (97,000 out of 100,000 CCR)

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
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
Bidder D	\$3.25	16,000	213,000
Bidder A	\$3.15	13,000	226,000

< Interim Clearing Price

< Final Clearing Price

- Step 3: CO2 Allowance Awards
 - Allowance awards are made using the ranked bids
 - Awards to bids with price greater than or equal to the final clearing price

Bid Value Example No. 1

- Bids are ranked by bid price from high to low
- Bid price is multiplied by the bidder's 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 - \$100,800

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand		Bid Value at each Bid Price
Bidder A	\$4.95	10,000	10,000	If this bid is accepted, Bidder A wins 10,000 CO ₂ allowances and pays at most \$4.95 per CO ₂ allowance	\$49,500.00
Bidder A	\$4.80	11,000	21,000	If this bid is accepted, Bidder A wins 21,000 CO ₂ allowances and pays at most \$4.80 per CO ₂ allowance	\$100,800.00
Bidder A	\$3.05	12,000	33,000	If this bid is accepted, Bidder A wins 33,000 CO ₂ allowances and pays at most \$3.05 per CO ₂ allowance	\$100,650.00
Bidder A	\$2.15	13,000	46,000	If this bid is accepted, Bidder A wins 46,000 CO ₂ allowances and pays at most \$2.15 per CO ₂ allowance	\$98,900.00
				Bidder A's maximum bid value is counted against the financial security bid limitation	\$100,800.00



Bid Value Example No. 2

- Bids are ranked by bid price from high to low
- Bid price is multiplied by the bidder's 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
 - In this example, \$93,750 is deducted from the financial security

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand		Bid Value at each Bid Price
Bidder B	\$4.10	10,000	10,000	If this bid is accepted, Bidder B wins 10,000 CO ₂ allowances and pays at most \$4.10 per CO ₂ allowance	\$41,000.00
Bidder B	\$3.75	15,000	25,000	If this bid is accepted, Bidder B wins 25,000 CO ₂ allowances and pays at most \$3.75 per CO ₂ allowance	\$93,750.00
Bidder B's maximum bid value is counted against the financial security bid limitation					\$93,750.00

Thank you

Website: http://www.rggi.org/market/co2_auctions/information

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