

Nova Scotia Auction Participant Training Presentation

PREPARED BY: NOVA SCOTIA ENVIRONMENT AND CLIMATE CHANGE

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Auction Participant Training Agenda

- ▶ **Section I: Overview**
- ▶ **Section II: Auction Application Process**
- ▶ **Section III: Auction Participation & Bidding**
- ▶ **Section IV: Auction Results & Financial Settlement**
- ▶ **Contact Information**

Auction Participant Training Agenda

Section I: Overview

- ▶ Introduction
- ▶ Auction Schedule
- ▶ Auction Notice and Eligibility
- ▶ Auction Resources
- ▶ Auction Administration
 - ▶ Allowances Offered
 - ▶ Auction Reserve Price
 - ▶ Online Platforms

Introduction

- ▶ Nova Scotia's Cap-and-Trade Program is not linked with any other market, which means that only allowances issued by Nova Scotia will be available in the auction and can be used for compliance within the program
- ▶ Nova Scotia will hold auctions to allow mandatory participants to acquire emission allowances
- ▶ Auction and Reserve Sale Platform
 - ▶ Referred to as the Auction Platform for simplicity
 - ▶ Accessible at <https://www.wci-auction.org/>

Auction Schedule

#	Activities	Approximate Auction Time Period	Time – Atlantic Time
1	Auction Notice released/ Auction application period opens	60 days prior to the auction	1:00 PM AT
2	Deadline for NS entities to make changes to CITSS info and submit all hard copy documents accompanying these changes	No later than 40 days prior to the auction	
3	Auction application period closes	30 days prior to the auction	11:59 PM AT
4	All bid guarantees due to Financial Services Administrator	12 days prior to the auction	No later than 7:00 PM AT
5	Auction applicants approved and Account Representatives notified	2 business days prior to the auction	4:00 PM AT
6	Auction held	Date and time provided in Auction Notice	12:00 PM (Noon) AT to 3:00 PM AT

Auction Schedule

#	Activities	Approximate Auction Time Period	Time – Atlantic Time
7	Auction certified, Auction Summary Results Report released to the public, and Auction results available to qualified bidders	7 days after the auction	12:00 PM (Noon) AT
8	Financial settlement in cash due to Financial Services Administrator	14 days after the auction	No later than 7:00 PM AT
9	Earliest date for bid guarantee expiration	26 days after the auction	
10	Distribution of auction proceeds completed	27 days after the auction	
11	Transfer of allowances into CITSS Accounts	27 days after the auction	
12	Nova Scotia releases Auction Public Proceeds Report	27 days after the auction	

Auction Notice and Eligibility

- ▶ Auction Notices are posted to Nova Scotia Environment and Climate Change's website 60 days prior to each auction.
 - ▶ Auction Notices provide information about eligibility, auction format, and the quantity of emission allowances to be auctioned.
- ▶ All entities registered in Nova Scotia's Cap-and-Trade Program that have a CITSS General Holding Account that has not been suspended or closed are eligible to participate in an auction.

Auction Resources

- ▶ Additional supporting documents are posted on Nova Scotia Environment and Climate Change's website.
 1. **Auction Participant Training:** A copy of this presentation
 2. **Auction FAQ:** Frequently asked questions related to auctions of emission allowances
 3. **Auction User Guide:** Provides a detailed walkthrough of the Auction Platform
 4. **Auction Examples:** Provides a detailed description of how bid valuations are determined, settlement procedures, and how bidding limitations are applied in the Auction Platform
 5. **Detailed Auction Requirements and Instructions:** Provides instructions on how to apply and participate in auctions of emission allowances
 6. **Example Letter of Credit and Letter of Guarantee:** A template of how a Letter of Credit or Letter of Guarantee should be written
 7. **Consignment Guidelines:** Provides instructions on how to consign allowances to auctions of emission allowances

Auction Administration - Allowances Offered

- ▶ Allowances offered for sale in an auction are
 - ▶ Issued under the Nova Scotia Cap-and-Trade Program
 - ▶ Consigned by consigning entities
- ▶ The allowances offered may include vintages equal and prior to the previous year.
 - ▶ Information on the specific quantity and types of allowances offered in the auction will be made available in each Auction Notice.

Auction Administration – Auction Reserve Price

- ▶ The Auction Reserve Price is the minimum price at which allowances offered in an auction will be sold.
- ▶ Bids submitted with a bid price below the Auction Reserve Price will not be accepted.
 - ▶ The Auction Reserve Price will be \$20.00 CAD per allowance in 2020, rising by 5% plus inflation each year after
- ▶ Example of how Auction Reserve Price is displayed in Auction Platform.

Welcome to the Allowance Auction and Reserve Sale Platform

ACCOUNT REPRESENTATIVE NOVA SCOTIA NS Entity 1 (NS6020-7064) ▼

Upcoming Events

Nova Scotia Demo Auction			
Auction Reserve Price CAD 21.09			00 00 07 DAYS HOURS MINS
Event Date	Application Period	Results Published	Webinar
29 Jan 2021	25 Jan 2021 - 28 Jan 2021	05 Feb 2021	28 Jan 2021

Auction Administration – Online Platforms

- ▶ Compliance Instrument Tracking System Service (CITSS)
 - ▶ An entity must have an approved account in CITSS before applying to participate in an auction.
 - ▶ Individuals must be approved as an account representative on the entity's CITSS accounts in order to take actions in CITSS on behalf of the entity, for example:
 - ▶ Submit an auction application,
 - ▶ Edit or cancel an auction application,
 - ▶ Download Financial Services Delivery Instructions.
- ▶ Auction Platform
 - ▶ An entity's account representative in CITSS must have an active Auction Platform account before participating in an auction.
 - ▶ Access to the Auction Platform is not required to submit an auction application.
 - ▶ Access to the Auction Platform is discussed later in this presentation.

Auction Participant Training Agenda

Section II: Auction Application Process

Step 1: Complete and Submit an Auction Application

Step 2: Submit a Bid Guarantee

Step 3: Receive Notice of Approval to Participate in the Auction

Auction Application Process

Step 1: Complete and Submit an Auction Application

- ▶ One CITSS entity account representative must complete the entity's auction application in CITSS to bid in the auction.
- ▶ Select the **“Initiate Event Participation”** button on the entity's **“Auction”** tab in CITSS to start the auction application process
 - ▶ An auction application must be submitted in CITSS by no later than the date and time the auction application period closes as provided in the Auction Notice.
 - ▶ Entity information for a previously approved auction application is maintained in CITSS to simplify auction applications for future events.

NSentity+A

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

General Account

Compliance Account

General

Contact Information

Representatives

Account Viewing Agents

Holding Limits

Auction

Facilities

Auction and Reserve Sale Information

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

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

Auction and Reserve Sale Information

☒

Updated By

A Spray

Last Updated

2019-05-03 16:33:50 EDT

Submit

Initiate Event Participation

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

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

Initiate Event Participation

Auction Application Process

Step 1: Complete and Submit an Auction Application

- ▶ The Create Event Application/Confirm Existing Data for Event page has six panes:
 1. Event Application Information (selecting the event to participate in)
 2. Forms of Bid Guarantee
 3. Bid Guarantee Return Instructions – Cash Bid Guarantee
 4. Bid Guarantee Return Instructions – Physical Bid Guarantee
 5. Attestation
 6. Confirm and Submit

Auction Application Process

Step 1: Complete and Submit an Auction Application

- ▶ Confirm the event in which the applicant intends to bid
 - ▶ Select the appropriate auction event from the “**Event**” drop-down menu

Create Event Application/Confirm Existing Data for Event

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

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

Event Application Information

CITSS Entity ID	NS3014
Legal Name	NSentity+A
Operating Name	NSentity+A
Event	* -- Select --

Auction Application Process

Step 1: Complete and Submit an Auction Application

- ▶ For all auctions, you will need to provide bid guarantee information including form(s) of bid guarantee, currency, and return instructions
 - ▶ NS Entities must submit bid guarantees in CAD in one or a combination of the following forms:
 1. Cash in the form of wire transfer;
 2. An irrevocable letter of credit; or
 3. A letter of guarantee.

Forms of Bid Guarantee

Currency * CAD ▼

Please select one or more forms of bid guarantee:

Cash	<input checked="" type="checkbox"/>
Letter of Credit	<input type="checkbox"/>
Letter of Guarantee	<input checked="" type="checkbox"/>

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Auction Application Process

Step 1: Complete and Submit an Auction Application

- Return instructions for a cash bid guarantee

Bid Guarantee Return Instructions - Cash Bid Guarantee

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

Beneficiary Bank Information

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

Auction Application Process

Step 1: Complete and Submit an Auction Application

- Return instructions for a cash bid guarantee

Intermediary Bank Information	
If return of funds to the entity requires an Intermediary Bank, then additional information specific to the Intermediary Bank is required, including Intermediary Bank Name and Intermediary Bank Routing Number or Intermediary Bank SWIFT/BIC.	
Intermediary Bank Name	<input type="text"/>
Intermediary Bank Routing Number (ABA Routing Number or Canadian Routing Number)	<input type="text"/> ?
Intermediary Bank SWIFT/Bank Identifier Code (BIC)	<input type="text"/> ?
Financial Contact Information	
Name	<input type="text"/>
Company	<input type="text"/>
Title	<input type="text"/>
Telephone	<input type="text"/>
Email	<input type="text"/>

Auction Application Process

Step 1: Complete and Submit an Auction Application

- Return instructions for a physical bid guarantee

Bid Guarantee Return Instructions - Physical Bid Guarantee

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

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

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

Auction Application Process

Step 1: Complete and Submit an Auction Application

► Complete attestation

- The final step of the auction application process in CITSS is to complete the Attestation response and submit the application.

► Please note that attestation responses are jurisdiction specific.

Attestation

The Cap-and-Trade Program Regulations ("the Regulation"), requires individuals recognized as account agents in the Compliance Instrument Tracking System Service (CITSS) to notify the Registrar within 30 days of any change to the status of the following eligibility criteria:

1. The individual has not been convicted of a criminal offence in the five years before the individual submitted the application to the Registrar, unless a pardon, including a record suspension within the meaning of the *Criminal Records Act* (Canada), has been obtained.
2. The individual has not been found guilty of an offence under the *Environment Act 1994-95* ("the Act").
3. The individual has not been found guilty of an offence under *Securities Act*.

Selecting "Yes" to this Attestation Response indicates that the representative completing this auction application understands the requirements of the Cap-and-Trade Program Regulations, and attests that, to the best of the representative's knowledge, none of the individuals recognized as account agents for the auction applicant have been found guilty of a criminal offence, an offence under the Act, or *Securities Act*.

Selecting "No" to this Attestation Response indicates that the representative completing this auction application understands the requirements of the Cap-and-Trade Program Regulations, and attests that, to the best of the representative's knowledge, one or more of the individuals recognized as account agents for the auction applicant has been found guilty of a criminal offence, an offence under the Act, or *Securities Act* for which no pardon, including a record suspension within the meaning of the *Criminal Records Act* (Canada), has been obtained.

Attestation Response

*

-- Select -- ▼

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Auction Application Process

Step 1: Complete and Submit an Auction Application

- ▶ Confirm and submit auction application
 - ▶ To submit the auction application, enter your CITSS password and select the **"Confirm"** button.
 - ▶ By selecting the **"Confirm"** button, you agree to have the entity name, entity contact information, account numbers, representative names, representative phone numbers, bid guarantee information, and representative email addresses transferred to the Auction and Reserve Sale Administrator and Financial Services Administrator for the purpose of facilitating participation in the selected auction.

Confirm and Submit

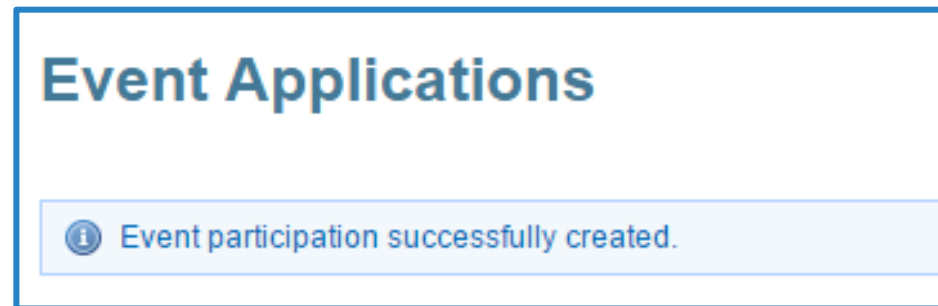
Selecting the "Confirm" button submits event application information for the selected event. By selecting the "Confirm" button, you agree to have the entity name, entity contact information, account numbers, representative names, representative phone numbers, bid guarantee information, and representative email addresses transferred to the Auction and Reserve Sale Administrator and Financial Services Administrator for the purpose of facilitating participation in the selected event.

Password *

Auction Application Process

Step 1: Complete and Submit an Auction Application

- ▶ Confirm and submit the auction application
 - ▶ Once an account representative has submitted the application, the Event Applications page will be displayed with a message stating: “Event participation successfully created.” This message indicates that the event application has been submitted.




- ▶ Upon successful submission of an auction application, account representatives will receive an email from CITSS with the subject line “CITSS Event Application Update.”

Auction Application Process

Step 1: Complete and Submit an Auction Application

- ▶ To view and edit an application, navigate back to the entity's "Auction" tab, and select the new "View Event Applications" button



Initiate Event Participation

View Event Applications

- ▶ Successfully submitted auction applications will appear in the Event Applications Page in CITSS with a status of "Applicant".
 - ▶ To view and edit a previously submitted auction application, select the "**Applicant**" status listed under the Application Status column.

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Test NS Auction (En)	2030-12-02	NS3014	NSentity+A	Applicant	2019-08-29 12:31:51 EDT

[CSV](#) [Excel](#) 1 record

Auction Application Process

Step 1: Complete and Submit an Auction Application

- ▶ As part of the auction application process, some information may need to be updated. This includes information related to:
 - ▶ CITSS Representative and Entity Account Information
 - ▶ Registration information submitted in CITSS (i.e., Entity Name, Address, Incorporation information).
 - ▶ Registration information not submitted in CITSS: (i.e., Entity's Directors and Officers, Corporate Associations, and the hiring of Consultants or Advisors).
 - ▶ Change requests in CITSS and all hardcopy documentation are required no later than 10 days prior to the close of the application period (refer to the Auction Notice for the exact date).

Auction Application Process

Step 1: Complete and Submit an Auction Application

- ▶ Account representatives may cancel an auction application if the applicant no longer intends to participate in the upcoming auction
 - ▶ To cancel an auction application, an account representative must select the **“Cancel Application”** button at the bottom of the submitted auction application in CITSS and select **“Yes”** on the pop-up message.
 - ▶ Auction applications may be cancelled any time before the application has been approved or rejected in CITSS.

The screenshot displays two components from the CITSS system. On the left is the 'Event Application Status History' table, which shows a single application with status 'Applicant', updated by 'John Doe' on '2017-08-12 15:50:55 EDT'. Below the table, the 'Cancel Application' button is highlighted with a red rectangle. On the right is a 'Confirmation required' pop-up dialog. The dialog text asks: 'Are you sure that you want to cancel your event application? If you cancel this application, you will be able to resubmit an application while the Application Period Status is "Open."' At the bottom of the dialog, the 'Yes' button is highlighted with a red rectangle, while the 'No' button is not.

Application Status	Updated By	Updated Date/Time
Applicant	John Doe	2017-08-12 15:50:55 EDT

Buttons: Cancel Application, Back

Confirmation required

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

Buttons: Yes, No

Auction Application Process

Step 2: Submit a Bid Guarantee

- ▶ After submitting an auction application, applicants must submit a bid guarantee by the deadline date and time provided in the Auction Notice.
 - ▶ Bid guarantees are used to set bidding limitations in the auction and act as financial assurance that a qualified bidder can afford any allowances successfully bid on.
 - ▶ Bids submitted by a qualified bidder will be evaluated against the amount of bid guarantee submitted. Qualified bidders will not be awarded allowances with a total value that exceeds the bid guarantee submitted by the entity.

Auction Application Process

Step 2: Submit a Bid Guarantee

- ▶ A Financial Services Account is established and maintained by the Financial Services Administrator for the purpose of facilitating the bid guarantee and financial settlement processes.
- ▶ Once an auction application has been submitted, the Financial Services Administrator will complete the process to establish (for first time applicants) or verify (for previous applicants) the applicant's Financial Services Account.
 - ▶ To establish the applicant's Financial Services Account, additional information may be requested by the Financial Services Administrator.
- ▶ Account representatives will receive notice that a Financial Services Account has been established or verified.

Auction Application Process

Step 2: Submit a Bid Guarantee

- ▶ After a Financial Services Account is established or verified, an account representative can download the **Financial Services Delivery Instructions** from CITSS
- ▶ The Financial Services Delivery Instructions include all the information needed to submit a cash bid guarantee or physical bid guarantee instrument, including the:
 - ▶ Financial Services Account Name,
 - ▶ Financial Services Account Number,
 - ▶ Wiring instructions for submitting cash by wire transfer,
 - ▶ Mailing and email instructions for physical bid guarantee instruments.

Auction Application Process

Step 2: Submit a Bid Guarantee

- To download the Financial Services Delivery Instructions from CITSS, navigate to the **“Event Applications”** page from the **“Representative Reports”** page.

Representative Reports

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

Transfer and Balance Reports

Report Name	Action
Transfer History	Continue
Transfer Event Audit Report	Continue
Entity Account Balance Report	Continue
Entity Monthly Statement	Continue

Event Reports

Report Name	Action
Event Applications	Continue

Auction Application Process

Step 2: Submit a Bid Guarantee

- ▶ On the “Event Applications” page under the “Current” tab, click the Application Status.

The screenshot shows a web interface for managing event applications. At the top, there are two tabs: 'Current' (highlighted with a red box) and 'Past'. Below the tabs are several filter fields: 'Event Type' (dropdown menu with 'Auction' and 'Reserve Sale' options), 'Event Name' (text input), 'Event Date From' and 'Event Date To' (date pickers), 'CITSS Entity ID' (text input), 'Entity Legal Name' (text input), and 'Application Status' (dropdown menu with 'Applicant', 'Qualified Applicant', and 'Qualified Bidder' options). Below these filters is a 'Results per page' dropdown set to '10'. There are 'Search' and 'Clear' buttons. At the bottom, there is a table with the following data:

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Test NS Auction (En)	2030-12-02	NS3015	NSentity+B	Applicant	2019-09-17 13:07:57 EDT

At the bottom right of the table, there are links for 'CSV' and 'Excel' and a note '1 record'. The 'Application Status' column header and the 'Applicant' link in the table row are highlighted with red boxes.

Auction Application Process

Step 2: Submit a Bid Guarantee

- ▶ Select the “Generate Financial Services Instructions” button on the “Event Application Detail” page.

Event Application Detail

Edit Application

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

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

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

Generate Financial Services Instructions

Event Application Information

Auction Application Process

Step 2: Submit a Bid Guarantee

► Financial Services Delivery Instructions Page Example:

Auction and Reserve Sale Financial Services Delivery Instructions

The Financial Services Delivery Instructions provide information needed to submit a bid guarantee and submit payment for allowances awarded following an event. The instructions include wiring instructions for submitting cash by wire transfer and instructions for submitting a physical bid guarantee. The entity's Financial Services Account Number will be populated in both the Financial Services Account Number field and the Port field once the Financial Services Administrator has established or verified the entity's account.

Bid Guarantee	
Financial Services Account Name	NSentity+A
Financial Services Account Number	
Total Bid Guarantee	
Currency	CAD

Instructions for Wiring CAD

Intermediary Bank Name	Royal Bank of Canada
Intermediary Bank SWIFT/Bank Identifier Code (BIC)	ROYC CA T2
Beneficiary Bank Name	Deutsche Bank AG Frankfurt
Beneficiary Street Address	
Beneficiary City, Province/State	
Branch Transit Number	
Beneficiary Bank IBAN or Account Number	DE28500700100959163708
Beneficiary Bank SWIFT/Bank Identifier Code	DEUTDEFF
Beneficiary Bank Account Name	DBTCA for DBNTC as FSA for WCI, Inc.
Payment Details	WCI Auction FBO Nova Scotia
Port	

Note: The Financial Services Account Number and Port fields are 'blank' in this example. These fields will be blank until the applicant's financial services account number is confirmed in CITSS. A bid guarantee cannot be submitted until these fields are filled.

Instructions for Bid Guarantee Instrument

Beneficiary	Deutsche Bank National Trust Company, DBTCA for DBNTC as FSA for WCI, Inc.
-------------	--

Mailing Address

Name	Auction and Reserve Sale Financial Services Administrator
C/O	Deutsche Bank Trust Company Americas
Address 1	60 Wall Street, 24th Floor
Address 2	Mail Stop: NYC60-2409
City	New York
State/Province	New York
Postal Code	10005-2836

Directions

MAILING PHYSICAL BID GUARANTEE INSTRUMENTS

Please include your CITSS Entity Legal Name or Individual Name if a General Market Participant, Individual, and Financial Services Account Number when mailing the bid guarantee forms. For questions on bid guarantee submittal or the financial settlement process, please contact Deutsche Bank National Trust Company at db.wcisupport@db.com. For additional contact information, please see the Auction Notice.

EMAILING ELECTRONIC BID GUARANTEE INSTRUMENTS

To submit an electronic copy of a bid guarantee, the issuing bank should deliver the electronic document with wet signatures (pdf) by email to db.wcisupport@db.com and include the following statement in the email.

"This [Letter of Credit or Letter of Guarantee] signed by the issuing bank is legally valid and enforceable. The issuing bank is transmitting this [Letter of Credit or Letter of Guarantee] to the beneficiary by electronic transmission (PDF via email) to DB.WCISUPPORT@DB.COM. For the avoidance of doubt, any electronic PDF version of this [Letter of Credit or Letter of Guarantee] received by the beneficiary shall be the operative instrument and may be used by the beneficiary as it would be a hardcopy original. The beneficiary is able to submit a draw request on the operative instrument. In addition when applicable, the beneficiary will reply to all addressees on this email to confirm cancellation of the electronic operative instrument. The Reply email will serve as the return of the bid guarantee."

Auction Application Process

Step 2: Submit a Bid Guarantee

Submitting Cash Bid Guarantee

- ▶ Cash wire transfers must be received by the Financial Services Administrator no later than the deadline date and time for receipt of bid guarantees listed in the Auction Notice.
- ▶ Instructions on how to submit a cash bid guarantee through wire transfer are provided in the applicant's Financial Services Delivery Instructions.
- ▶ Additional details are provided in the Detailed Auction Requirements and Instructions document.
- ▶ Applicants are encouraged to
 - ▶ Send the wire transfer in advance of the deadline to allow time for the transfer to be completed
 - ▶ Ensure any fees from your banking institution are included in addition to your intended bid guarantee amount

Auction Application Process

Step 2: Submit a Bid Guarantee

Submitting Physical and Electronic Bid Guarantee Instruments

- ▶ Physical and electronic bid guarantee instruments must be received by the Financial Services Administrator in final form no later than the deadline date and time for receipt of bid guarantees as listed in the Auction Notice. This can be in the form of either
 1. An irrevocable letter of credit
 2. A letter of guarantee
- ▶ Applicants are encouraged to
 - ▶ Submit bid guarantees in advance of the deadline to allow time for review and revision of bid guarantees if necessary
 - ▶ Review the sample on Nova Scotia Environment and Climate Change's website
 - ▶ Submit a sample physical or electronic bid guarantee to the Financial Services Administrator for review.

Auction Application Process

Step 2: Submit a Bid Guarantee

Bid Guarantee Revisions

- ▶ The Financial Services Administrator will evaluate the bid guarantee submitted and identify any amendments that are necessary to meet the requirements.
- ▶ If a submitted bid guarantee needs to be revised:
 - ▶ The applicant would be notified by the Financial Services Administrator.
 - ▶ The applicant would contact the institution issuing the document and request an amendment to their bid guarantee document.
 - ▶ All amendments must be completed and received by the Financial Services Administrator by the bid guarantee submittal deadline.
- ▶ If an applicant finds they need to revise a submitted bid guarantee, they should contact the Financial Services Administrator.

Auction Application Process

Step 2: Submit a Bid Guarantee

Summary

- ▶ Bid guarantees must be received by the Financial Services Administrator in final form by the bid guarantee submittal deadline date and time as listed in the Auction Notice.
- ▶ An applicant is responsible to ensure proper addressing of a physical bid guarantee and complete wiring instructions for a cash wire transfer.
- ▶ Applicants should confirm receipt of bid guarantees in CITSS or with the Financial Services Administrator.

Auction Application Process

Step 2: Submit a Bid Guarantee

- ▶ Once an applicant's bid guarantee is received, reviewed, and accepted by the Financial Services Administrator:
 - ▶ Account representative will receive an email from CITSS with the subject line "CITSS Event Financial Services Information Update."
 - ▶ Log in to CITSS to confirm the current auction application status.
 - ▶ The application status will change from "Applicant" to "Qualified Applicant."
 - ▶ The Bidding Limitation Data section of the Event Application Detail page in CITSS will display the Total Bid Guarantee amount recorded by the Financial Services Administrator.
- ▶ **If a final bid guarantee is not received by the Financial Services Administrator by the deadline, the auction application will not be approved.**

Auction Application Process

Step 2: Submit a Bid Guarantee

- “Qualified Applicant” Application Status in CITSS

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Test NS Auction (En)	2030-12-02	NS3014	NSentity+A	<u>Qualified Applicant</u>	2019-08-29 12:44:29 EDT
						CSV Excel 1 record

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

Bidding Limitation Data

Cash Bid Guarantee Value \$1,000,000.00

Physical Bid Guarantee Value

Total Bid Guarantee \$1,000,000.00

Auction Application Process

Step 3: Receive Notice of Approval to Participate in the Auction

- ▶ Nova Scotia Environment and Climate Change will approve or reject applications for auction participation by the date shown in the Auction Notice.
- ▶ Account representatives for each qualified applicant will receive an email from CITSS indicating that there is a change to the application status.
 - ▶ Email subject: “CITSS Event Application Update”
- ▶ Log in to CITSS to check the application status.
 - ▶ Approved applicants will have the status “Qualified Bidder.”
 - ▶ Rejected applicants will have the status “Rejected.”

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Test NS Auction (En)	2030-12-02	NS3014	NSentity+A	<u>Qualified Bidder</u>	2019-08-29 12:46:12 EDT
						CSV Excel 1 record

Auction Application Process

Section III: Auction Participation & Bidding

- ▶ Access to the Auction Platform
- ▶ Bidding in the Auction
 - ▶ Single Bid
 - ▶ Multiple Bids
 - ▶ Editing or Deleting Bids
 - ▶ Confirming Bid Transactions
- ▶ Bidding Limitations
 - ▶ Bid Guarantee
 - ▶ Purchase Limits
 - ▶ Holding Limits
 - ▶ Holding Limits with Limited Exemptions
 - ▶ Management of Bid Guarantee, Purchase Limits, and Holding Limits

Access to the Auction Platform

- ▶ The Auction Platform allows account representatives for qualified bidder to download required templates, submit bids, review results, and download reports for an auction.
- ▶ Account representatives need an active Auction Platform account before they can act on a qualified bidder's behalf.
 - ▶ If an account representative already has an Auction Platform account, the previously established username and password can be used for account access.
 - ▶ If an entity has not participated in a past auction *AND* its account representatives do not have Auction Platform accounts, they will be prompted to establish an Auction Platform account when the entity becomes a qualified bidder for an upcoming auction.
 - ▶ If an entity has participated in a past auction *AND* a new account representative is added that does not have an Auction Platform account, that account representative will be prompted to establish as Auction Platform Account.

Access to the Auction Platform

- ▶ Establishing an Auction Platform account
 - ▶ An email will be sent within 24 hours to the account representative.
 - ▶ The email will contain an activation link inviting the user to establish account credentials (password and security questions) for an Auction Platform account.
 - ▶ The activation email will be sent to the account representative's current email address listed in CITSS.
 - ▶ The current email address in CITSS will be the account representative's username in the Auction Platform.
 - ▶ The activation link can only be used once and will expire after 24 hours.
 - ▶ If the link expires, a new activation link can be requested by emailing Nova Scotia Environment and Climate Change using the contact information found at the end of this presentation.

Access to the Auction Platform

- ▶ The Auction Platform provides multiple security features to protect user accounts:
 - ▶ Password and security questions
 - ▶ Password expiration every 90 days
 - ▶ ReCAPTCHA feature to protect against automated access attempts
- ▶ **Account representatives are advised to log in to the Auction Platform prior to the day of the auction to ensure they are able to access their account.**

Access to the Auction Platform

- ▶ Consistent with CITSS, the Auction Platform allows an individual to represent multiple entities.
- ▶ Upon logging in to the Auction Platform, if a user represents multiple entities, the “Select an Account” pop up will display.
- ▶ Select a Participant Account in the pop up to indicate the entity to represent.
- ▶ To represent a different entity after logging in, use the dropdown menu found in the header section

You have access to 12 accounts

Select
an account from the list
List of All Accounts ▾

☐ NS Entity 1 (NS6020-7064)
☐ NS Entity 10 (NS6029-7082)
☐ NS Entity 2 (NS6021-7066)
☐ NS Entity 3 (NS6022-7068)
☐ NS Entity 4 (NS6023-7070)

OR

Search
for the account you would like to use

Enter Entity Name or Entity ID

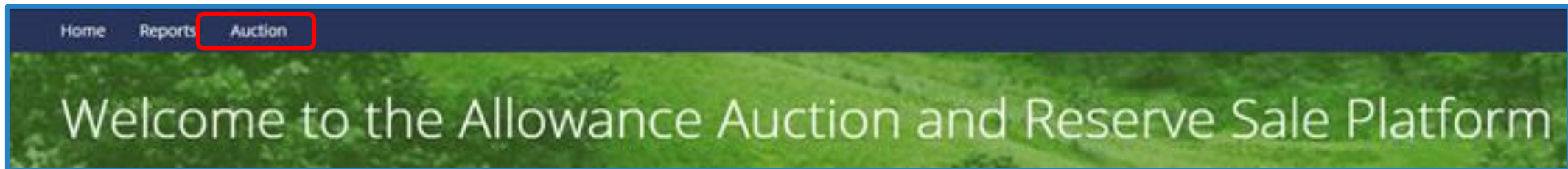
CANCEL CONTINUE

NOVA SCOTIA NS Entity 1 (NS6020-7064) ▾

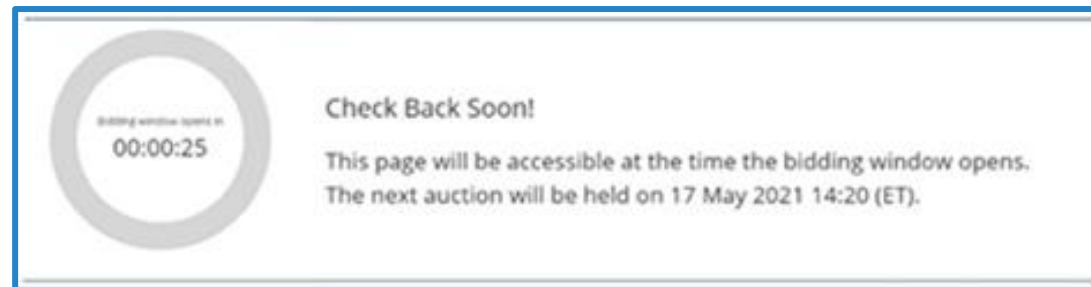
NS Entity 1 (NS6020-7064)
NS Entity 2 (NS6021-4535)
NS Entity 3 (NS6022-7566)

Access to the Auction Platform

- ▶ The bidding window can be accessed by clicking on the Auction Tab on the top banner of the Auction Platform.



- ▶ While the auction bidding window is open, qualified bidders may submit bids.
- ▶ If the auction bidding window is not open, a message will display showing when the window will open



Bidding in the Auction

► Auction Bidding Page

Nova Scotia Demo Auction

Current Auction

HOLDING LIMIT
500,000

Purchase Limit
100,000

Auction Reserve Price
21.09 CAD

Total Allowances Available
500,000

BID GUARANTEE AMOUNT
CAD 2,000,000

Total Allowances Bid
0

Total Bids Submitted
0

Submitted Bids

✖ 🔍

How to Bid

➕ ADD BID📄 UPLOAD BIDS📄VIEW AUDIT REPORT

0 of 0 Bids Selected

« < 1 /1 > »

⚙️

#	ACCOUNT REPRESENTATIVE	TIME (ET)	CLIENT BID ID	TRANSACTION ID	CURRENCY	BID PRICE	BID LOTS	VINTAGE	TOTAL ALLOWANCES
---	------------------------	-----------	---------------	----------------	----------	-----------	----------	---------	------------------

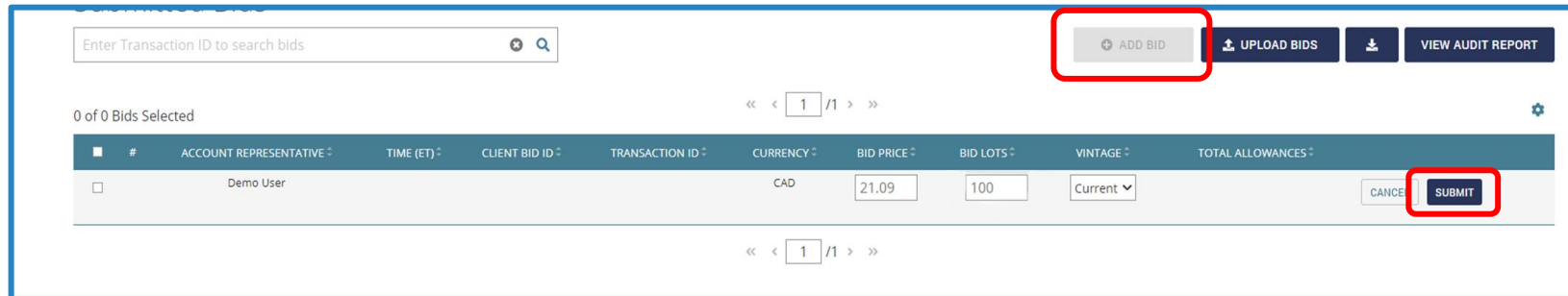
« < 1 /1 > »

Bidding in the Auction

- ▶ Qualified bidders may submit bids manually or upload a bid template using the Bid Upload Template provided through the Auction Platform.
- ▶ For each bid the following information must be entered:
 - ▶ **Bid Price:** the price at which the qualified bidder wishes to purchase each emission allowance in dollars and whole cents.
 - ▶ **Number of Bid Lots:** 1 bid lot = 1,000 emission allowances
 - ▶ **Instrument Vintage:** Current or Future Year
 - ▶ **Currency:** bids must be entered in CAD

Bidding in the Auction – Single Bid

- ▶ To manually submit a single bid, select the **“Add Bid”** button.
- ▶ Once the Add Bid button is selected, a bid record row will appear providing fields to enter a Bid Price, Bid Lots, and Vintage. Once filled in, select the **“Submit”** button.



The screenshot shows a web interface for bidding. At the top, there is a search bar labeled 'Enter Transaction ID to search bids'. To the right of the search bar are three buttons: 'ADD BID' (highlighted with a red box), 'UPLOAD BIDS', and 'VIEW AUDIT REPORT'. Below the search bar, it says '0 of 0 Bids Selected'. There is a pagination control showing '<< < 1 / 1 > >>'. Below this is a table with the following columns: #, ACCOUNT REPRESENTATIVE, TIME (ET), CLIENT BID ID, TRANSACTION ID, CURRENCY, BID PRICE, BID LOTS, VINTAGE, and TOTAL ALLOWANCES. The table has one row with the following data: #, Demo User, (empty), (empty), (empty), CAD, 21.09, 100, Current, and 100,000. At the end of the row are two buttons: 'CANCEL' and 'SUBMIT' (highlighted with a red box). Below the table, there is another pagination control showing '<< < 1 / 1 > >>'. A blue box highlights the 'ADD BID' button and the 'SUBMIT' button.

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

#	ACCOUNT REPRESENTATIVE	TIME (ET)	CLIENT BID ID	TRANSACTION ID	CURRENCY	BID PRICE	BID LOTS	VINTAGE	TOTAL ALLOWANCES	
<input type="checkbox"/>	Demo User				CAD	21.09	100	Current	100,000	<input type="button" value="CANCEL"/> <input type="button" value="CONFIRM"/>

- ▶ Submitted bids can be manually edited or deleted during the 3-hour bidding window. After the bidding window closes, no further changes to bids are permissible.

Bidding in the Auction – Multiple Bids

- ▶ Bids may also be submitted in batches by uploading a bid template.
- ▶ A bid template is a pre-formatted Excel spreadsheet called the “Auction Bid Upload Template” that the qualified bidder needs to fill out with a list of their bids prior to uploading the Template.
 - ▶ The “Auction Bid Upload Template” is available for download in the Reports Module – Templates section of the Auction Platform.
 - ▶ For each auction, a unique pre-formatted spreadsheet is available in the Auction Platform.
 - ▶ Up to 1,000 unique bids may be included in a single bid template.

Submitted Bids

Enter Transaction ID to search bids

+

 ADD BID

⬇

 UPLOAD BIDS

⬇

VIEW AUDIT REPORT

How to Bid

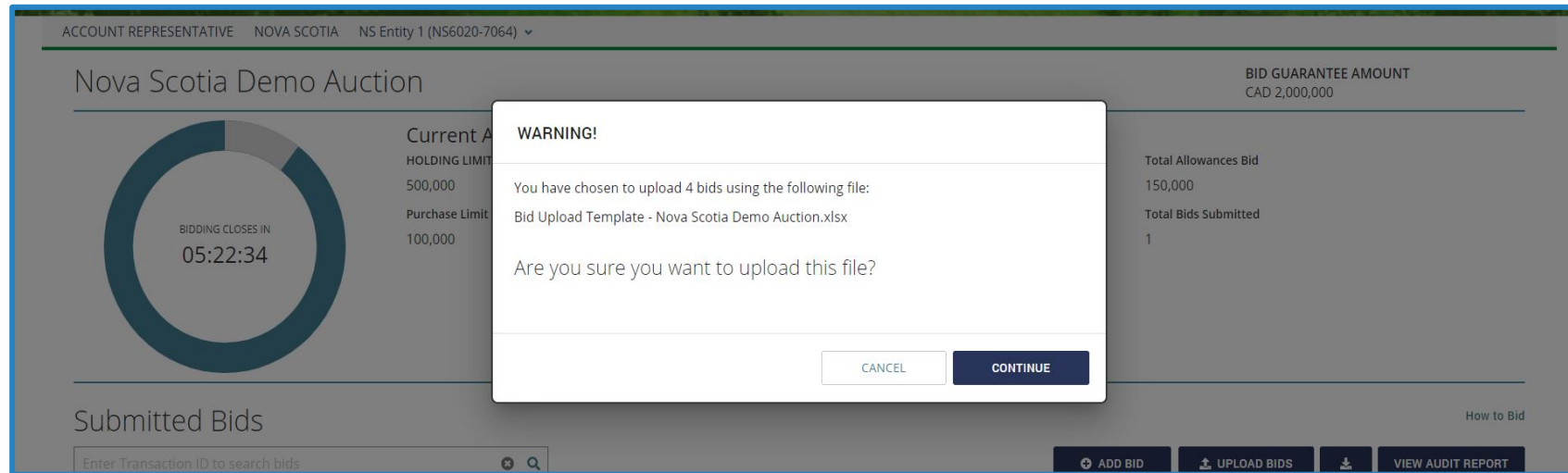
Bidding in the Auction – Multiple Bids

► Auction Bid Upload Template

	A	B	C	D	E
1	WCI, Inc. Auction Platform				
2	Auction Bid Upload Template				
3					
4	Currency :	Select the currency in which you would like to bid from the drop down.			
5	Bid Price :	Enter the price in dollars and whole cents.			
6	Tips: To minimize any effects of floating point arithmetic storage inaccuracy, you can also use the ROUND function to round numbers to the number of decimal places that is required by your calculation.				
7	Bid Lots :	Enter the number of lots. Each lot is 1 allowances.			
8	Bid Allowances :	Total Bid Allowances is calculated as Bid Lots multiplied by 1.			
9	Instrument Vintage :	Select the allowance vintage from the drop down.			
10					
11	Currency Options				
12	CAD				
13					
14					
15	Instrument Vintages Offered				
16	Current	The allowances offered in the Current Auction may include allowances of vintages prior to the current year. When submitting bids for the Current Auction, all bids are placed as "Current" vintage.			
17					
18					
19	Currency	Bid Price	Bid Lots	Bid Allowances	Instrument Vintage
20	CAD	20.00	1	1	Current
21	CAD	20.01	2	2	Current
22	CAD	20.02	3	3	Current
23	CAD	20.03	4	4	Current



Confirming Bid Upload



- ▶ You will be asked to confirm the upload of the bids that were included in the template



- ▶ The Auction Platform will confirm a successful or failed bid template upload.
- ▶ Multiple bid templates may be uploaded during the 3-hour bidding window, but each template must be uploaded one at a time.
- ▶ After each bid upload process, qualified bidders are encouraged to confirm bid upload accuracy on screen or by downloading a Client Bids Audit Report.

Bidding in the Auction – Editing or Deleting Single Bids

- ▶ During the bidding window a bid may be edited or deleted.
 - ▶ To edit, select  and make required changes. Changes are confirmed by selecting **“Submit”**, similar to the process of initial entry of the bid.
 - ▶ To delete, select the  and then select **“Submit”** to confirm the bid deletion.
 - ▶ Multiple bids can be deleted in one action by selecting the bids and selecting the **“Delete”** button.

	#	ACCOUNT REPRESENTATIVE ▾	TIME (ET) ▾	CLIENT BID ID ▾	TRANSACTION ID ▾	CURRENCY ▾	BID PRICE ▾	BID LOTS ▾	VINTAGE ▾	TOTAL ALLOWANCES ▾		
<input type="checkbox"/>	1	Demo User	08:37:39	011jdSX9	00307089	CAD	23.00	15	Current	15,000		

Bidding in the Auction – Deleting Multiple Bids

- ▶ During the bidding window multiple bids can be deleted in one action by selecting the bids and selecting the **“Delete Selected Bids”** button and then clicking **“Submit”**.

The screenshot displays the 'Submitted Bids' section of an auction platform. A modal dialog box is centered on the screen, warning the user that deleting 3 selected bids is irreversible. The dialog has a 'WARNING!' header, a message stating 'You have chosen to delete 3 selected bids. Your action will be irreversible, once you Submit.', and a confirmation question 'Are you sure you want to delete these 3 bids?'. Below the message are 'CANCEL' and 'SUBMIT' buttons. In the background, the 'Submitted Bids' table is visible with four rows. The first three rows are selected, indicated by black checkboxes in the first column. A red box highlights these three rows. Another red box highlights the 'Delete Selected Bids' button in the top left of the table area. A third red box highlights the 'SUBMIT' button in the dialog. The table has columns for selection, ID, account representative, time, bid ID, currency, amount, quantity, status, and total allowances.

	#	ACCOUNT REPRESENTATIVE	TIME (ET)									
<input checked="" type="checkbox"/>		Demo User	08:37:39	0i1jd5X9	00307089	CAD	23.00	15	Current	15,000		
<input checked="" type="checkbox"/>		Demo User	08:37:39	aNjwUVPa	00307089	CAD	24.00	20	Current	20,000		
<input checked="" type="checkbox"/>		Demo User	08:37:39	AiRxGxIV	00307089	CAD	25.00	25	Current	25,000		
<input type="checkbox"/>	4	Demo User	08:27:49	HI4BrIWR	00289856	CAD	21.09	150	Current	150,000		

Bidding in the Auction – Editing or Deleting Bids

- ▶ An entire transaction can be deleted by using the Transaction ID search box to filter the displayed bids.
 - ▶ Enter a Transaction ID in the search box.
 - ▶ Select the 🔍 icon.
 - ▶ Follow the process to delete multiple bids

Submitted Bids

00307089 🔍

ADD BID UPLOAD BIDS VIEW AUDIT REPORT

0 of 4 Bids Selected

<< < 1 / 1 > >>

#	ACCOUNT REPRESENTATIVE	TIME (ET)	CLIENT BID ID	TRANSACTION ID	CURRENCY	BID PRICE	BID LOTS	VINTAGE	TOTAL ALLOWANCES	
1	Demo User	08:37:39	011jdSX9	00307089	CAD	23.00	15	Current	15,000	✎
2	Demo User	08:37:39	aNjwUVPa	00307089	CAD	24.00	20	Current	20,000	✎
3	Demo User	08:37:39	AIrXGxIV	00307089	CAD	25.00	25	Current	25,000	✎
4	Demo User	08:27:49	HI4BrIWR	00289856	CAD	21.09	150	Current	150,000	✎

Rows Per Page: 10 Rows, 25 Rows, 50 Rows, 100 Rows, 500 Rows

- ▶ If the transaction includes more bids than are displayed on the page, use the pagination option at the top of the table or the row display option by selecting the ⚙ icon at the top of the page

Bidding in the Auction – Confirming Bid Transactions

- ▶ Entities can access the Client Bids Audit Report from the bidding page to confirm bid transactions: submitted, edited, and deleted.

Submitted Bids

How to Bid

Enter Transaction ID to search bids

+

 ADD BID

↑

 UPLOAD BIDS

↓

VIEW AUDIT REPORT

- ▶ This example Client Bids Audit Report is based on a bid upload of six bids and a subsequent edit and deletion of one of the bids (Bid ID 7E426).

	A	B	C	D	E	F	G	H
1	Report Date :	09/04/2019						
2	Event Name :	NS Auction 101						
3	Event Date :	09/04/2019						
4	Entity Legal Name :	T1NSEmetteurD						
5	Entity Operating Name :	T1NSEmetteurD						
6	Total Bids Submitted :	5						
7								
8	Client Bid ID	Transaction ID	Update Type	Update By	Update Time (ET)	Bid Submission Time (ET)	Currency	Bid Price
9	2E426	104648	Created	t1nsusera@demo.citssdev.com	07:44:00 ET	07:44:00 ET	CAD	47.21
10	3E426	104648	Created	t1nsusera@demo.citssdev.com	07:44:00 ET	07:44:00 ET	CAD	32.69
11	4E426	104648	Created	t1nsusera@demo.citssdev.com	07:44:00 ET	07:44:00 ET	CAD	30.50
12	5E426	104648	Created	t1nsusera@demo.citssdev.com	07:44:00 ET	07:44:00 ET	CAD	28.50
13	6E426	104648	Created	t1nsusera@demo.citssdev.com	07:44:00 ET	07:44:00 ET	CAD	20.56
14	7E426	104649	Created	t1nsusera@demo.citssdev.com	07:45:28 ET	07:45:28 ET	CAD	21.00
15	7E426	104650	Updated	t1nsusera@demo.citssdev.com	07:45:32 ET	07:45:28 ET	CAD	25.00
16	7E426	104651	Removed	t1nsusera@demo.citssdev.com	07:45:35 ET	07:45:28 ET	CAD	25.00

Bidding Limitations

- ▶ Bids submitted with a bid price below the Auction Reserve Price will not be accepted.
- ▶ Auction bids are rejected in bundles of 1,000 allowances, if bids:
 - ▶ Exceed the qualified bidder's purchase limit,
 - ▶ Exceed the qualified bidder's holding limit,
 - ▶ Exceed the value of the bid guarantee at the settlement price.
 - ▶ A qualified bidder's bid guarantee limitation is assessed at all potential settlement prices.
- ▶ Rejected bid quantities are not considered in determining the settlement price for an auction.
- ▶ Qualified Bids are the bids that remain after a qualified bidder's submitted bids have been evaluated and reduced to meet all bidding limitations.

Bidding Limitations – Bid Guarantee

- ▶ The bid value of a set of bids at a specific bid price equals the quantity of bid allowances submitted at or above that bid price multiplied by that price.
 - ▶ The bid value of the set of bids is calculated at each bid price at which the qualified bidder submits a bid.
 - ▶ Entities should aim to ensure their bid guarantees are sufficient to cover their maximum bid value
 - ▶ The maximum bid value of a set of bids is the bid value at the bid price in the set of bids where the bid value is greatest.

Bid #	Entity	Bid Price	Lots	Allowances	Cumulative Allowances	Cumulative Bid Value
1	Entity A	\$25.22	25	25,000	25,000	\$630,500
2	Entity A	\$24.02	100	100,000	125,000	\$3,002,500
3	Entity A	\$20.96	10	10,000	135,000	\$2,829,600

- ▶ More examples of how the bid guarantee limitation is applied are provided in the Auction Examples document.

Bidding Limitations – Bid Guarantee

- ▶ Submitted bids that contain bid quantities with a value in excess of the bid guarantee at the settlement price will be rejected, in bundles of 1,000 allowances, until the limit is met.
 - ▶ Only that portion of the bid that exceeds the limit will be rejected, not the entire bid.
- ▶ Example:
 - ▶ Entity A has submitted a bid guarantee of \$4,000,000
 - ▶ Entity A submits 2 bids, but the second bid causes them to exceed their bid guarantee
 - ▶ The second bid is adjusted to ensure that it meets the bid guarantee

		Submitted			Cumulative			Qualified		Cumulative	
Bid #	Entity	Bid Price	Lots	Allowances	Allowances	Value		Lots	Allowances	Allowances	Value
1	Entity A	\$25.62	80	80,000	80,000	\$2,049,600		80	80,000	80,000	\$2,049,600
2	Entity A	\$20.36	170	170,000	250,000	\$5,090,000		116	116,000	196,000	\$3,990,560

Bidding Limitations – Purchase Limits

- ▶ The purchase limit is the maximum number of allowances a qualified bidder is permitted to buy at an auction.
- ▶ For auctions held in 2023, a qualified bidder is permitted to purchase emission allowances at auction in the amount equivalent to their outstanding allowance obligations for the 2019-2022 compliance period.

Bidding Limitations – Holding Limits

- ▶ The bidding limitation associated with holding limits is managed by determining how many allowances a qualified bidder may acquire before exceeding its current year holding limit.
- ▶ The holding limit is the maximum number of allowances that may be held by an entity or jointly held by a group of entities with a direct corporate association.
 - ▶ Qualified bidders that are members of a Corporate Association Group must share holding limits.
- ▶ The holding limit applies to allowances of current and earlier vintages.
 - ▶ The Holding Limit for an entity is 500,000 allowances + their Limited Exemption

Bidding Limitations – Holding Limits with Limited Exemption

- ▶ Entities may exempt a limited number of current or prior vintage allowances from the holding limit calculation by transferring them into their Compliance Account.
- ▶ The limited exemption is increased each year by the amount of emissions contained in the entity's verified GHG report and is decreased at the end of the year following the close of a compliance period.
 - ▶ This ensures that entities are able to acquire the allowances they need to meet their compliance obligation.
- ▶ Entities can hold more allowances in their Compliance Account than allowed under the limited exemption, but any current or prior vintage allowances in excess of the limited exemption will count towards the entity's current vintage holding limit.

Bidding Limitations – Management of Bid Guarantee, Purchase Limits and Holding Limits

- ▶ CITSS transfers all bidding limitation data to the Auction Administrator the day prior to an auction.
 - ▶ This is based on balances in CITSS accounts at 1:00 PM AT the day prior to the auction.
 - ▶ CITSS account holders are responsible to ensure that there will be no holding limit violation once allowances are transferred into CITSS accounts after financial settlement is complete.
- ▶ In CITSS, the Event Application Detail page displays the purchase limit and holding limit bidding limitations assigned to the entity for the specific auction.
- ▶ The purchase limit and holding limit bidding limitations are also displayed on the Auction Page in the Auction Platform.

Bidding Limitation Data

Cash Bid Guarantee Value	\$1,000,000.00
Physical Bid Guarantee Value	
Total Bid Guarantee	\$1,000,000.00
Holding Limit Current Vintage Allowances	499000
Holding Limit Future Vintage Allowances	500000
Purchase Limit Current Auction	250000
Purchase Limit Future Auction	0

Auction Participant Training Agenda

Section IV: Auction Results & Financial Settlement

- ▶ Settlement Price & Bid Fulfillment Determination
- ▶ Auction Conduct
- ▶ Market Monitoring
- ▶ Auction Results and Certification
 - ▶ Auction Summary Results Report
 - ▶ Availability of Qualified Bidder Results
 - ▶ Financial Settlement and Client Bids Report
- ▶ Financial Settlement
 - ▶ Payment Requirements
 - ▶ Bid Guarantee Return
- ▶ Closing Activities

Settlement Price & Bid Fulfillment Determination

- ▶ The settlement price determination process requires the ranking of qualified bids from the highest qualified bid price to the lowest qualified bid price.
 - ▶ Allowances will be awarded to participants, beginning with the highest qualified bid price and moving to successively lower qualified bid prices, until the entire supply of allowances is exhausted or all qualified bids have been fulfilled.
 - ▶ Settlement Price is the price associated with the bid that was last awarded allowances.
 - ▶ All successful bidders will pay for their allowances at the settlement price, not their submitted bid price.
- ▶ If multiple entities submitted bids at the settlement price and the quantity of allowances bid exceeds the remaining allowances available for sale, a tiebreaker process is used.

Settlement Price & Bid Fulfillment Determination

- ▶ Only qualified bidders that submitted bids at the settlement price are involved in the tiebreaker process. For those entities, the process is as follows
 - ▶ Each qualified bidder's share of the remaining allowances is calculated by dividing the number of allowances they bid on at the settlement price by the total number of allowances for which bids were placed at the settlement price.
 - ▶ The number of allowances awarded is determined as the qualified bidder's share multiplied by the allowances remaining to be sold (rounded down to nearest whole allowance).
 - ▶ If there are allowances remaining as a result of rounding down, those allowances are awarded to qualified bidders by assigning a random number and distributing from the lowest to highest number.
- ▶ Further descriptions of the tiebreaker process are provided in the Auction Examples document.

Auction Conduct

- ▶ Pursuant to Nova Scotia's Cap-and-Trade Program Regulations, no registered entity shall release any confidential information related to its auction participation, including but not limited to:
 - ▶ Intent to participate, or not participate, in an auction, auction approval status, maintenance of continued auction approval;
 - ▶ Bidding strategy;
 - ▶ Bid price or bid quantity information;
 - ▶ Information on the bid guarantee provided to the Financial Services Administrator.

Auction Conduct

- ▶ The Cap-and-Trade Program Regulations require that any entity participating in an auction that has retained the services of a consultant or advisor regarding auction bidding strategy must ensure against the consultant or advisor sharing information to other auction participants or coordinating the bidding strategy of other participants.
 - ▶ This does not apply to a consultant or advisor who is providing services to related entities
- ▶ The entity must inform the consultant or advisor of the prohibition of sharing information to other auction participants and ensure the consultant or advisor acknowledges the prohibition.
- ▶ All auction applicants are required to inform Nova Scotia Environment and Climate Change of the retention of an auction advisor or consultant.

Market Monitoring

- ▶ Nova Scotia Environment and Climate Change and the Market Monitor actively monitor the auctions and market activities.
- ▶ The Market Monitor reviews bidding activity and works with Nova Scotia Environment and Climate Change to identify any bidding or trends of concern that may indicate manipulative or anti-competitive bidding behavior.
- ▶ Any fraudulent, manipulative, collusive, or noncompetitive behavior may be investigated and prosecuted in accordance with all applicable laws and regulations.

Auction Results and Certification – Auction Summary Results Report

- ▶ The Auction Summary Results Report will be posted on Nova Scotia Environment and Climate Change's website seven (7) days after the auction is conducted.
 - ▶ The date and time of the posting is provided in the Auction Notice.
 - ▶ In the event of a delay, a message will be posted on Nova Scotia's website providing the new time for the release of the auction results.
- ▶ Only statistics related to qualified bids will be provided.
- ▶ The Auction Summary Results Report provides general results and statistics of the auction.
 - ▶ Number of allowances available at auction
 - ▶ Number of allowances sold at auction
 - ▶ List of qualified bidders
 - ▶ Ratio of total quantity of qualified allowances bid to total allowances available for sale
 - ▶ Auction Settlement Price
 - ▶ Auction Reserve Price
 - ▶ Herfindahl-Hirschman Index (HHI)
 - ▶ Bid Price Summary Statistics

Auction Results and Certification – Availability of Qualified Bidder Results

- ▶ Following the posting of the Auction Summary Results Report, the auction will be certified in the Auction Platform.
 - ▶ Representatives of qualified bidders will receive email notification that qualified bidder results are available in the Auction Platform.
- ▶ Upon certification, representatives of qualified bidders will be able to view and download the following from the Auction Platform:
 - ▶ Client Bids Report: This is the qualified bidder's detailed auction results.
 - ▶ The Financial Statement: This is the qualified bidder's financial settlement invoice.
 - ▶ Availability of the Financial Statement upon certification of the auction represents the beginning of the seven (7) day period in which an auction qualified bidder is required to complete payment to the Financial Services Administrator of the amount due for allowances awarded.

Auction Results and Certification – Financial Settlement and Client Bids Report

- ▶ Following certification of an auction, qualified bidders can download their Financial Statement and Client Bids Report from the Auction Platform's Reports module.

The screenshot shows the 'Reports' section of the 'Allowance Auction and Reserve Sale Platform'. The 'Reports' menu item in the top navigation bar is highlighted with a red box. Below the navigation bar, the page title 'Welcome to the Allowance Auction and Reserve Sale Platform' is displayed. The user's account information is shown as 'ACCOUNT REPRESENTATIVE NOVA SCOTIA NSentity+K (NS3024-3566)'. The 'Reports' section is titled 'Reports' with a 'Search Reports' link. A dropdown menu for 'Nova Scotia Demo Auction 1' is expanded, showing a table of reports. The table has four columns: 'REPORT NAME', 'SHORT DESCRIPTION', 'JURISDICTION', and 'GENERATED ON'. Three reports are listed: 'Client Bids Report', 'Financial Statement', and 'Client Bids Audit Report'. Each report has a download icon to its right. Below the table, there are links for 'Nova Scotia Demo Auction 2' and 'Nova Scotia Demo Auction 3'.

Home **Reports** Events ▾ FAQs & Resources

Welcome to the Allowance Auction and Reserve Sale Platform

ACCOUNT REPRESENTATIVE NOVA SCOTIA NSentity+K (NS3024-3566)

Reports ▶ Search Reports

▼ Nova Scotia Demo Auction 1

REPORT NAME	SHORT DESCRIPTION	JURISDICTION	GENERATED ON	
Client Bids Report	This report includes a list of all bids submitted by your entity in their final form, identifying each successful and unsuccessful bid and the number of emission units awarded, if any. It is available once the results are published to all the account representatives of the entity.	California Quebec	17 May 2021 15:02:52	Download
Financial Statement	This PDF document provides all information required for your entity to complete financial settlement. It is available once the results are published to all the account representatives of the entity.	California Quebec	17 May 2021 15:00:30	Download
Client Bids Audit Report	This report contains an audit record of all bids that have been submitted, edited, and deleted by your entity's account representatives. It is available during and after the bidding window to all the account representatives of the entity.	California Quebec	17 May 2021 14:59:07	Download

▶ Nova Scotia Demo Auction 2

▶ Nova Scotia Demo Auction 3

Auction Results and Certification – Financial Settlement and Client Bids Report

- ▶ The Financial Statement will include:
 - ▶ Auction Information
 - ▶ Settlement Price
 - ▶ Number of Successful Bids and Successful Bid Allowances
 - ▶ Total Bid Cost
 - ▶ Account Information
 - ▶ Qualified bidder Information
 - ▶ Bid Guarantee Submitted by Type (cash, letter of credit, or letter of guarantee)
 - ▶ Amount Due to Financial Services Administrator (if any)
 - ▶ Amount Due By Date (if an amount is due)
 - ▶ Wiring Instructions for Submitting Payment
- ▶ The Client Bids Report provides records on all bids submitted by a qualified bidder in their final form, identifying each successful and unsuccessful bid.

Financial Settlement – Payment Requirements

- ▶ Qualified bidders must download their Financial Statement to determine any amounts owed.
- ▶ For those qualified bidders that submitted cash bid guarantees, the Financial Services Administrator will use the cash submitted to settle for any amounts owed.
- ▶ Qualified bidders that submitted a physical bid guarantee instrument must submit cash by wire transfer as financial settlement for any amounts owed, no later than seven (7) days after certification of an auction.
 - ▶ The payment deadline for each auction is listed in the Auction Notice.
- ▶ Bank/cashiers checks will not be accepted.
- ▶ The Financial Services Administrator will draw on physical bid guarantees for qualified bidders that fail to submit payment for amounts owed by the deadline provided in the Auction Notice.

Financial Settlement – Bid Guarantee Return

- ▶ For qualified bidders that submitted a cash bid guarantee, the Financial Services Administrator will return unused cash through wire transfer within approximately 3 business days after the auction is certified based on the return instructions specified during the auction application process.
- ▶ For winning bidders that submitted a physical bid guarantee, following receipt of all amounts owed, the Financial Services Administrator will return physical bid guarantee instruments through FedEx or DHL delivery based on the return instructions specified during the auction application process.
 - ▶ Bid guarantees submitted electronically will be returned via email as a reply to the original submission

Closing Activities

- ▶ Post Auction Public Proceeds Report
 - ▶ Nova Scotia will release a Post Auction Public Proceeds Reports, which will provide the final amount of proceeds.
 - ▶ Refer to the Auction Schedule provided in the Auction Notice for the expected date that the Auction Public Proceeds Report will be available.

- ▶ Transfer of Allowances into CITSS Accounts
 - ▶ Allowances are transferred to successful bidders following completion of financial settlement and distribution of auction proceeds to Nova Scotia and any consigning entities.
 - ▶ The expected date for allowance transfers is provided in the Auction Schedule in the Auction Notice.

Contact Information

Auction Administrator

- ▶ Western Climate Initiative, Inc.
- ▶ Email support: support@wci-inc.org
- ▶ Call 1-888-924-6369 from 12:00 PM to 9:00 PM AT

Financial Services Administrator

- ▶ Deutsche Bank National Trust Company
- ▶ Email support: db.wcisupport@db.com
- ▶ Call (714) 247-6167 from 9:00 AM to 6:00 PM AT

Nova Scotia Cap-and-Trade Program

- ▶ Website: <https://climatechange.novascotia.ca/cap-trade-regulations>
- ▶ Email Support: capandtradehelp@novascotia.ca or andrew.webber@novascotia.ca