



EVOLUTION MARKETS LLC

**10 Bank Street, 4th Floor
White Plains, NY 10606**

**Notice of Intent to Hold an Auction
for the Sale of**

**Stream of cycle 1, coastal NO_x RECLAIM
Trading Credits**

Bid Packet Release date: Wednesday, June, 1st, 2005

Auction Date: Tuesday, June 14th, 2005

Open Bidding Period Ends: 3:00 pm EPT on day of auction

Closed Bidding Period Ends: 5:30pm EPT on day of auction

BIDS WILL NOT BE ACCEPTED AFTER 5:30pm EPT on DAY OF AUCTION

Evolution Markets LLC
Phone: 914-323-0267 Fax: 914-323-0295
www.evomarkets.com/reclaim

Section 1: Description of Sale

Evolution Markets LLC, an energy brokerage company, is pleased to announce on behalf of one of its customers its intention to offer for sale a stream of cycle 1, coastal NOx RECLAIM Trading Credits for years 2005 through 2010 and all years after 2010.

These RTCs are currently in the facilities name and will be deposited into the Evolution Account after a bid has been accepted by the Seller.

NOx RTCs offered are all cycle 1 and coastal and are distributed as follows:

Vintage	Volume of RTCs (lbs)
2005	116,000
2006	116,000
2007	102,000
2008	86,000
2009	71,000
2010	55,000
"Perpetuity" All Years After 2010	40,000

Section 2: Auction Participant Instructions, Information and Conditions

Auction Bidding Periods

The auction will be conducted by the brokerage firm Evolution Markets LLC ("Evolution"). Bidders interested in participating are required to submit bids to Evolution via telephone, on a recorded line, AOL instant messenger ("IM") or fax prior to 5:30 pm on the auction date, June 14, 2005. Bids are binding until 4:00 p.m. EPT on Wednesday, June 15, 2005. In the event a bid or bids is/are accepted by the Seller, Evolution will inform the successful bidder(s), issue transaction confirmation(s), and then announce the auction results to the market within 10 business days.

The auction will have two periods, an "open" period and a "closed" period:

Open bidding period: up to 3:00 pm EPT on the day of the auction. During this period, bid information (prices and quantities only, not names) will be communicated to all bidders by Evolution. Bidders will have the ability to adjust their pricing, and any changes will be communicated to all other bidders.

Closed bidding period: 3:30 pm - 5:30 pm EPT. During the closed period, bidders will be informed of the highest bid(s) as of 3:00 pm EPT (prices only, not names), and will have the ability to adjust their bids. However, any additional changes in bids will not be communicated to other bidders.

It is the sole responsibility of the Bidder to confirm the timely receipt by Evolution of its bid. Any bid received after the specified date and time of the close will be rejected. The Seller reserves the right to reject all bids in the sole exercise of its discretion.

Submitting a Bid

Bids should be provided using the attached “Bid Sheet” (see Attachment 1). The Bid Sheet may be submitted via phone, fax or IM. Conversations with Evolution will take place on recorded telephone lines. When submitting your bid via phone or IM, bids must be expressed using the format of the Bid Sheet. All bids submitted via phone or IM must be followed by a fax submission of the Bid Sheet no later than 6:00pm EPT. Regardless of the method of submission, all bids are binding.

Phone Number for Bidding: 914.323.0267

Fax Numbers for Bidding: 914.323.0295 or 914.328.3701

AOL IM Screen name for Bidding: EvoSamantha

When submitting bids, bidders will be asked to affirm that they are authorized to submit a binding bid on behalf of their organization, and that they accept without exception or limitation the terms outlined in this document and in the **Evolution Markets Reclaim Trading Credit Confirmation Letter** (refer to Attachment 2 and 3). The Seller reserves the right to modify the terms and conditions of the Evolution Markets Reclaim Trading Credit Confirmation Letter in the sole exercise of its discretion at any time prior to execution.

Bidding for partial volumes is permitted, but is also discouraged. The seller may accept bids for partial volume, but all bids must be in the form a perpetual stream starting with Vintage 2005.

Bids will be ranked based by the highest total purchase price.

In the event of tied bids, the tied bidders will be contacted by Evolution Markets within 30 minutes of the close of the auction and be given one opportunity to increase their bid. The bidder will have 30 minutes from contact by Evolution Markets to provide an increased bid. If such bid is provided by phone or IM, it must be immediately followed with a fax bid sheet. If Evolution is unable to reach one or more of the tied bidders within 30 minutes of the close of auction, this bidder foregoes their right to submit an increased bid. If no tied bidder increases their bid, or both bidders increase their bid by the same amount, the Seller may decide to split the quantity pro rata based on the quantity bid for between tied bidders at the final bid price, or not to accept either bid.

Buyer's Obligations

Confirmation Letter

If you are notified that your bid has been accepted, Evolution Markets will issue a confirmation notice with the details of the accepted bid to both the accepted bidder and Seller. A fully executed confirmation letter will constitute a contract and create an obligation for the Seller to transfer the credits to Evolution and for Evolution to transfer the credits to the accepted bidder and for the accepted bidder to transfer funds as detailed in the confirmation letter. If the bidder is transferring credits into accounts for different companies a confirmation letter may be required for each transfer form.

Payment & Delivery

Bidders have two options for payment: (1) Escrow with Evolution Markets (Evolution's Wire Instructions are detailed in Attachment 4) or (2) Pre-Payment directly to the Seller within three (3) business days of notification of the accepted bid. If the Bidder wishes to pre-pay, the bidder may contact Evolution Markets for the Seller's credit profile. As described in the Evolution Markets Reclaim Trading Credit Confirmation Letter, the Seller requires escrow in full before it transfers RTCs to the Evolution and the buyer. **Please note that payment is due within three (3) Business Days of acceptance of the bid. An invoice will be sent by Evolution Markets with the confirmation letter and 2007-2 Form.**

Filing Fees

Bidders will be responsible for all filing fees associated with the transaction (including the transfer of credits from the Seller's account to Evolution Markets.) Bidders submitting bids for multiple accounts or multiple facilities may submit one total bid. If a bid is accepted for a bidder that wants the credits to be distributed to multiple accounts and there is more than one 2007-2 Form required for transfer of the RTCs, the bidder will be responsible for each additional filing fee.

If the winning bidder is escrowing the fund, these fees will be included on the invoice from Evolution and due in escrow along with the filing fees owed. If the winning bidder is pre-paying, then the filing fees will be included on the invoice for commissions from Evolution Markets.

Commissions owed to Evolution Markets

In addition to the Purchase price, each bidder is responsible for the buy side portion of commission to be paid to Evolution Markets. Evolution Markets will invoice the winning bidder(s) for 3.5% of the Total Purchase Price submitted. This amount will be due into escrow along with the total purchase price and the filing fees (refer to Attachment 4). If the bidder is pre-paying, Evolution Markets will invoice the winning bidder(s) for payment within three (3) business days of the close of the auction.

The Seller's Rights in Auction Process

The Seller reserves, holds and may exercise the following exclusive rights: To seek additional information from any and all Bidders; to waive technicalities, immaterial irregularities or minor informalities at any time and for any reason; to reject any and all bids, to request clarification or modifications; to accept the bid or enter into any agreement that in its judgment best serves the interests of the Seller; to supplement, amend or otherwise modify the Notice of Intent to hold an Auction through the issuance of addenda to all prospective Bidders; and to conduct investigations of any and all Bidders and their submissions as the Seller deems necessary or convenient.

Questions regarding the Auction:

Questions regarding the auction procedure should be directed to:

Samantha Unger
Director, California Emissions Markets
Evolution Markets LLC
Phone: 914.323.0267
Fax: 914.323.0295
Email: sunger@evomarkets.com

Attachment 1- "Bid Sheet"

Terms of RTC Transferred			Original Zone (Coastal or Inland)	Quantity (Pounds/year)	Price (\$/Pound)
Cycle	From Compliance Year(*)	To Compliance Year(*)			
1	12/31/2005	Single Year Trade	Coastal		
1	12/31/2006	Single Year Trade	Coastal		
1	12/31/2007	Single Year Trade	Coastal		
1	12/31/2008	Single Year Trade	Coastal		
1	12/31/2009	Single Year Trade	Coastal		
1	12/31/2010	Single Year Trade	Coastal		
1	12/31/2011	All Years After	Coastal		

TOTAL PURCHASE PRICE of bid being submitted: \$ _____

If I am not the highest bid for the volume above, I agree to purchase a lesser volume stream in the same weighted stream structure at the above prices per lb: Yes or No

The Buyer is electing to use the following confirmation letter: Escrow or Pre-payment

Will your bid require multiple confirmation letters? (if you are bidding for more than one company, then please check yes) Yes or No. If the answer is yes, how many companies are you bidding for? _____

Will your bid require multiple 2007-2 forms? (if you are bidding for more than one facility or more than one account then please check yes) Yes or No. If the answer is yes, how many 2007-2 forms will you require? _____

Company Name of Bidder: _____

SCAQMD Account ID# (if known): _____

Company Address: _____

Phone: _____

Fax: _____

Email: _____

I certify that I am authorized to make this bid submission on behalf of my company.

Print Name

Bidder's Authorized Signature

Date

Title

Attachment 2 – ESCROW Confirmation
Evolution Markets RECLAIM Trading Credit Confirmation Letter
Reclaim Trading Credit (RTC) Transaction Confirmation

Ms. Samantha Unger
Evolution Markets LLC as agent for Undisclosed Seller

Mr.
Company Name

We hereby confirm, that acting as agent on your instruction, we have arranged the following transaction on your behalf.

Transaction Type: Private California NOx RECLAIM Trading Credit Transaction
Transaction Number: xxxxxxxx
Transaction Date:
Seller(Transferor): Evolution Markets LLC as agent for Undisclosed Seller
Buyer(Transferee): Company Name
Quantity: lbs for year 2005, lbs for year 2006, lbs for year 2007, lbs for year 2008, lbs for year 2009, lbs for year 2010, and lbs per year of “perpetuity” all years after 2010 of cycle 1, coastal NOx RTCs.
Price US\$: \$ per lb, \$\$\$ in total.
Delivery/Settlement: Upon notification that the Buyer has a winning bid, the Buyer shall wire the total purchase price to Evolution Markets to be held in escrow within three (3) business days. In addition, the Buyer and Undisclosed Seller shall sign and send this confirmation letter and the 2007-2 RTC Trade Form to Evolution within three (3) business days. Upon receipt of the total purchase price into escrow and the signed confirmation letters and 2007-2 forms from the Buyer and the Undisclosed Seller, Evolution shall sign and fax a copy of their respective 2007-2 Forms and confirmation letters to the Buyer and Seller. Evolution shall then submit the original signed confirmation letters, the original signed 2007-2 RTC Trade Forms, and a check made out to the South Coast Air Quality Management District (SCAQMD) for the filing fees to the SCAQMD within two (2) business days. Upon receipt of written confirmation from the SCAQMD that the credits have been transferred from Evolution’s account to the Buyer’s account, the total purchase price will be due to the Undisclosed Seller via wire transfer within five (5) business days.
Additional Detail: The Buyer assumes all regulatory risk on these credits. If the SCAQMD discounts the volume of these credits the total transaction price will remain as detailed above for the discounted credits. The Buyer is responsible for all SCAQMD filing fees of \$95.05 per 2007-2 form.

For the purposes of this transaction, your counter party contact information is:

Ms. Samantha Unger
Evolution Markets LLC as agent for the Undisclosed Seller
10 Bank Street, 4th Floor
White Plains, NY 10606
Phone: (914) 323-0267
Fax: (914) 328-3701

Mr.
Company Name
Address
Phone: ()
Fax: ()

With the signature of their authorized agents below, Buyer and Seller acknowledge and agree to the terms of this confirmation agreement:

Print Name

Print Name

Agent’s Authorized Signatory Date

Buyer’s Authorized Signatory Date

Title

Title

We trust that the above accurately reflects your understanding of the referenced transaction.

Evolution Markets LLC acts solely as agent in the introduction of trading counter parties. Evolution Markets LLC is not responsible for, and is not a substitute for, your determination as to the merits of the provisions and contingencies of the transaction. Evolution Markets LLC does not hold itself responsible for the financial condition and/or performance of either counter party in this transaction. Please notify a representative of Evolution Markets LLC immediately upon discovery of any discrepancies concerning this transaction.

Thank you for your business.

Samantha Unger ☺

**Attachment 3 – PRE-PAYMENT Confirmation
 Evolution Markets RECLAIM Trading Credit Confirmation Letter
 Reclaim Trading Credit (RTC) Transaction Confirmation**

Ms. Samantha Unger
 Evolution Markets LLC as agent for Seller

Mr.
 Buyer's Company Name

We hereby confirm, that acting as agent on your instruction, we have arranged the following transaction on your behalf.

Transaction Type: Private California NOx RECLAIM Trading Credit Transaction
 Transaction Number: xxxxxxxx
 Transaction Date:
 Seller(Transferor): Evolution Markets LLC as agent for Seller
 Buyer(Transferee): Company Name
 Quantity: lbs for year 2005, lbs for year 2006, lbs for year 2007, lbs for year 2008, lbs for year 2009, lbs for year 2010, and lbs per year of "perpetuity" all years after 2010 of cycle 1, coastal NOx RTCs.

Price US\$: \$ per lb, \$\$\$ in total.

Delivery/Settlement: Upon notification that the Buyer has a winning bid, the Buyer shall wire the total purchase price to Seller within three (3) business days. In addition, the Buyer and Undisclosed Seller shall sign and send this confirmation letter and the 2007-2 RTC Trade Form to Evolution within three (3) business days. Upon notification from the Seller that the total purchase price has been received and upon receipt of the signed confirmation letters and 2007-2 forms from the Buyer and the Seller, Evolution shall sign and fax a copy of their respective 2007-2 Forms and confirmation letters to the Buyer and Seller. Evolution shall then submit the original signed confirmation letters, the original signed 2007-2 RTC Trade Forms, and a check made out to the South Coast Air Quality Management District (SCAQMD) for the filing fees to the SCAQMD within two (2) business days.

Additional Detail: The Buyer assumes all regulatory risk on these credits. If the SCAQMD discounts the volume of these credits the total transaction price will remain as detailed above for the discounted credits. The Buyer is responsible for all SCAQMD filing fees of \$95.05 per 2007-2 form.

For the purposes of this transaction, your counter party contact information is:

Ms. Samantha Unger
 Evolution Markets LLC as agent for the Seller
 10 Bank Street, 4th Floor
 White Plains, NY 10606
 Phone: (914) 323-0267
 Fax: (914) 328-3701

Mr.
 Company Name
 Address
 Phone: ()
 Fax: ()

With the signature of their authorized agents below, Buyer and Seller acknowledge and agree to the terms of this confirmation agreement:

 Print Name

 Print Name

 Agent's Authorized Signatory Date

 Buyer's Authorized Signatory Date

 Title

 Title

We trust that the above accurately reflects your understanding of the referenced transaction.

Evolution Markets LLC acts solely as agent in the introduction of trading counter parties. Evolution Markets LLC is not responsible for, and is not a substitute for, your determination as to the merits of the provisions and contingencies of the transaction. Evolution Markets LLC does not hold itself responsible for the financial condition and/or performance of either counter party in this transaction. It is the responsibility of the trading count parties to confirm the details of this transaction directly. Please notify a representative of Evolution Markets LLC immediately upon discovery of any discrepancies concerning this transaction.

Thank you for your business.

Samantha Unger ☺

Attachment 4
Evolution Markets –Wire Instructions

Wire transfers sent to Evolution for payment of the purchase of RTCs in which Evolution Markets is acting as an escrow agent on behalf of CLIENT should be directed to:

Citibank, N.A. - Branch # 38
1 Broadway, NY, NY 10004
Account Name: Evolution Markets LLC
ABA/Transit # 021000089
Account # 83452810