



### CONTRACT AMENDMENT: 2016-01-001

Agreement number 2016-01 between Markit Group Limited ("Markit") and Western Climate Initiative, Inc. ("WCI, Inc."), which was executed by WCI, Inc. on June 15, 2016 and by Markit on June 24, 2016 ("Agreement"), is hereby further amended as follows:

#### SUMMARY OF CHANGES

Amendment Number	001
Effective Date for Amendment:	January 29, 2020
Net increase to Maximum Amount of Agreement:	[REDACTED]
Amended Maximum Amount of Agreement:	[REDACTED]
Amended Agreement Term:	Beginning on June 15, 2016 and ending on January 31, 2023.
Extension of Tasks:	Auctions and reserve sales services

Details have been removed from the public document for business confidentiality and competitiveness reasons.

#### PURPOSE OF THIS AMENDMENT

Extend the term of the Agreement so Markit can provide continued auctions and reserve sales services to WCI, Inc. Participating Jurisdictions that are implementing cap-and-trade programs. Participating Jurisdictions currently include the Provinces of Quebec and Nova Scotia and the State of California. Capitalized terms used in this Amendment but not defined herein shall have the meaning as set forth in the Agreement.

#### SPECIFIC TERMS AND CONDITIONS WHICH CONSTITUTE THE AMENDMENT

The Agreement is amended as follows:

- The term of the Agreement is extended to January 31, 2023.
- The Agreement to include a one (1) year mutually agreeable option to extend the term of the Agreement to January 31, 2024. This option is only exercisable upon the written agreement of both parties.
- The 2020 Budget includes one (1) Nova Scotia Practice Auction at a cost [REDACTED] to be delivered in 2020.

- The cost schedule for Markit Services shall be amended as set forth in Table 1 below.
- For any Markit services requested by WCI, Inc. and where such services are not set forth in Table 1, the Markit labor rates applicable to such services performed by Markit January 1, 2021 or later shall be as set forth in Table 2 below. For all Markit services not set forth in Table 1 and performed by Markit prior to January 1, 2021, the Markit labor rates set forth in the Agreement shall continue to apply.

**Table 1. Amended Cost Schedule**

	2020	2021	2022
Maintenance	████████	████████	████████
Cyber Insurance	████████	████████	████████
Auction Fee (Individual - NS)	████████ ████████ ██████████ ████████ ██████████ ████████ ██████████ ████████	████████ ████████ ██████████ ████████ ██████████ ████████	████████ ████████ ██████████ ████████ ██████████ ████████
Auction Fee (Joint Auctions – CA/QC)	████████ ████████ ██████████	████████ ████████ ██████████	████████ ████████ ██████████
Auction Fee (Reserve Sales)	████████ ████████ ██████████	████████ ████████ ██████████	████████ ████████ ██████████
New Jurisdiction	████	████████	████████
Total	████████	████████	████████

\*In the event a new Jurisdiction is added to the auction platform, any Practice Auction(s), Auction Event(s) and Reserve Sale(s) will be incurred at the respective fee for the year in which the event takes place.

**Table 2. Labor Rate Adjustments**

Labor Category	Hourly Rate (Starting January 2021)
Project Manager	████
Senior Consultant	████
Senior Systems Consultant	████
Consultant	████
Systems Consultant	████
Junior Consultant	████
Systems Analyst	████
Clerical/Admin Support	████

This Amendment does not change or amend the Services Markit is to perform under the terms and conditions set forth in the Agreement which services include, but are not limited to:

- Maintaining work plans and schedules;
- Maintain Auction Tool and Services;
- Auction Services Testing and Troubleshooting;
- Maintain Processes and Procedures for Auction and Reserve Sale Services;
- Auction and Reserve Sale Set Up, Operations, and Reports;
- Maintain a System Security Plan;
- New Jurisdictions;
- Transition Out;
- Other Activities as Directed.

#### APPROVALS

This Amendment constitutes an amendment to the Agreement as provided in Section 6 of Attachment C (General Terms and Conditions) to the Agreement. All terms and conditions set forth in the Agreement, except those which are explicitly changed by this Amendment, shall remain in full force and effect. By signing, the Contractor and WCI, Inc. do hereby accept and approve this Amendment as of the Effective Date for this Amendment.

#### Markit Group Limited

Signature on File

January 31, 2020

Date

Name

Director

Title

#### Western Climate Initiative, Inc.

Signature on File

Date

2/5/2020

Greg Tamblyn

Name

Executive Director

Title





**Justification for a Contract Amendment to  
Contract 2016-01: Auctions and Reserve Sales Services**

Details have been removed from the public document for business confidentiality and competitiveness reasons.

**January 29, 2020**

**Introduction**

Most of the administrative support provided by WCI, Inc. is highly specialized and has been developed through the use of contractors. In October 2016, the WCI, Inc. Board of Directors approved the agreement with Markit Group Limited ("Markit") to provide auctions and reserve sales services to WCI, Inc. Participating Jurisdictions.

WCI, Inc. proposes to amend the current agreement to extend the agreement through January 31, 2023 and add [REDACTED] to the existing contract.

**Description of Services**

The extension of the agreement will continue the work currently provided by Markit including, but not limited to:

- o Maintaining work plans and schedules;
- o Maintain Auction Tool and Services;
- o Auction Services Testing and Troubleshooting;
- o Maintain Processes and Procedures for Auction and Reserve Sale Services;
- o Auction and Reserve Sale Set Up, Operations, and Reports;
- o Maintain a System Security Plan;
- o New Jurisdictions;
- o Transition Out;
- o Other Activities as Directed.

**Procurement Approach**

The competitive procurement process that resulted in the initial selection of Markit to provide auctions and reserve sales services has been described previously and approved by the WCI, Inc. Board of Directors.

Markit has demonstrated its qualifications to provide the services described above through its performance under the existing WCI, Inc. contract. This contract includes auctions and reserve sales services needed by all Participating Jurisdictions.

A contract modification is being proposed as the procurement vehicle to retain these required services.

WCI, Inc. staff approached Markit to confirm their interest in and availability to continue this work. The contract amendment with Markit was developed by WCI, Inc. staff based on technical requirements provided by the Participating Jurisdictions.

No additional steps have been taken to tender ongoing market monitoring services.



### **Justification for a Non-Competitive Procurement**

WCI, Inc.'s Procurement Policy provides for non-competitive procurement in certain instances. In this case, the non-competitive procurement is justified based on the following two allowable exemptions:

- Contract amendments to extend the original term for services, and
- to add additional funding.

## **Justification of Competitive Procurement Process Auction and Reserve Sale Administrator Services**

**June 14, 2016**

### **Introduction**

In support of its purpose to “provide administrative and technical services” to its Participating Jurisdictions, WCI, Inc. proposes to procure Auction and Reserve Sale Administrative Services. The scope of work is based on and defined to meet the specifications and requirements of the Participating Jurisdictions that are implementing cap and trade programs. This document summarizes the justification for procuring this work through a competitive procurement process.

In accordance with the WCI, Inc. Procurement Policy, WCI, Inc. staff, with the assistance and involvement of Participating Jurisdictions, developed and executed an open competitive process for procuring the Auction and Reserve Sale Administrative Services. The result of the procurement process is a unanimous recommendation that the contract be awarded to Markit Group Limited (Markit). No material deviations from the planned procurement process were required and the procurement was consistent with the WCI, Inc. Procurement Policy.

### **Description of Auction and Reserve Sale Services**

The purpose of this work is to design, develop, test, conduct, and report Auction Services for jurisdiction-specific and multi-jurisdiction greenhouse gas (GHG) allowance auctions, as well as for jurisdiction-specific allowance sales from the California Allowance Price Containment Reserve and the Québec Allowance Reserve, as required by regulations governing the California Cap-and-Trade Program and Québec Cap-and-Trade System.

Services being procured in the proposed WCI, Inc. contract include:

- Develop Final Work Plan and Schedule
- Design, Develop and Document Auction Tool and Services
- Auction Services Testing and Troubleshooting
- Develop Processes and Procedures for Auction and Reserve Sale Services
- Auction and Reserve Sale Set Up, Operations, and Reports
- Prepare a System Security Plan
- New Jurisdictions
- Transition Out
- Other Activities as Directed

## **Process for Procuring the Services Using a Competitive Procurement Process**

The process for soliciting and recommending a contractor was done in accordance with the WCI, Inc. Procurement Policy. The key solicitation and evaluation requirements of the policy are provided below:

To obtain the best value for the Corporation, the procurement process shall ensure open and effective opportunities for competition, including but not limited to the following:

- A. Conduct procurement in a transparent and fair manner.
- B. Provide equal access and timely and accurate procurement information to potential suppliers prior to and during the procurement process.
- C. Make procurement documents and related materials electronically and publicly available in a timely manner, with sufficient time prior to a bid or proposal due date, taking into consideration the complexity of the procurement.
- D. Ensure all bid documents contain the necessary information for proposers to prepare a bid.
- E. Ensure that procurement is conducted in a geographically neutral manner.
- F. Provide flexibility to ensure goods and services are obtained in a timely manner.

To further support obtaining best value and providing a stable procurement environment, the procurement evaluation process will include but is not limited to the following:

- A. Defining administrative bidding requirements that are clear and fair, and applying the requirements consistently to all bidders.
- B. Tailoring technical evaluation criteria and scoring methods to each procurement to obtain best value for the Corporation.
- C. Comprising the evaluation team with personnel that have the requisite technical expertise to evaluate the proposals effectively.
- D. Ensuring that the evaluation process is free of conflicts of interest.

## **Rationale for Recommending Markit**

The Markit proposal meets the administrative and technical requirements of the RFP. In addition to the overall quality of the proposal, Markit has demonstrated the ability to successfully provide auction and reserve sale services consistent with the regulations of the Participating Jurisdictions.





## **AGREEMENT**

### **Auction and Reserve Sale Administrator Services**

June 15, 2016

## STANDARD AGREEMENT ("Agreement")

AGREEMENT NUMBER  
**2016-01**

1. This Agreement is entered into between Western Climate Initiative, Inc. (WCI, Inc.) and the Contractor named below:

CONTRACTOR'S NAME  
**Markit Group Limited**

2. The term of this Agreement is: **Fifty Five (55) months, beginning on June 15, 2016 and ending on January 31, 2021**

3. The maximum amount of this Agreement is: **[REDACTED]**

4. The parties agree to comply with the terms and conditions of the following attachments, which are by this reference made a part of the Agreement. WCI, Inc. is not an agent of the WCI, Inc. Participating Jurisdictions or any of its funding entities.

Attachment A – Scope of Work  
Attachment B – Budget Detail and Payment Provisions  
Attachment C – General Terms and Conditions  
Attachment D – Individual Conflict of Interest and Confidentiality  
Attachment D1 – Organization Conflict of Interest and Confidentiality  
Attachment E – Contract Insurance Requirements  
Attachment F – Contractor's Technical and Cost Proposal  
Attachment G – Request for Proposal

**IN WITNESS WHEREOF**, this Agreement has been executed by the parties hereto.

CONTRACTOR		WCI, Inc. Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc ) <b>Markit Group Limited</b>		
BY (Authorized Signature) Signature on File	DATE SIGNED (Do not type) 6/24/2016	
PRINTED NAME AND TITLE OF PERSON SIGNING [REDACTED]		
ADDRESS <b>4<sup>th</sup> Floor, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY, United Kingdom</b>		
CONTRACTEE		
CONTRACTEE'S NAME <b>Western Climate initiative, Inc.</b>		
BY (Authorized Signature) Signature on File	DATE SIGNED (Do not type) 6/15/2016	
PRINTED NAME AND TITLE OF PERSON SIGNING <b>Greg Tamblyn, Executive Director</b>		
ADDRESS <b>980 Ninth Street, Suite 1600, Sacramento, CA 95814</b>		

Contractor agrees, as part of the Agreement, to provide to WCI, Inc. the services described in the Agreement and the Attachments to the Agreement, including the services described in Attachment A, Scope of Work, and in Attachment F, Contractor's Technical Proposal (all such services, collectively, the "Work" or the "WorkSchedule").

This Agreement does not include optional contract extensions. The decision to exercise an optional extension is at the sole discretion of WCI, Inc. The scope of work and extension shall be mutually agreed to by WCI, Inc. and the Contractor. The cost of the extension shall be mutually agreed to by WCI, Inc. and the Contractor based on the scope of work of the requested services.

Project Representatives are responsible for administrative and financial oversight and accountability. The Contractor Project Representative has the authority to make executive level administrative decisions for the Contractor and any subcontractor(s). The Project Representatives during the term of this Agreement will be:

Western Climate Initiative, Inc.	Contractor: Markit Group Limited
Name: Greg Tamblyn	Name: [REDACTED]
Phone 916-449-9966	Phone: 212-205-1742
Fax: 916-446-7104	Fax: 212-205-7123
Email: gtamblyn@wci-inc.org	Email: [REDACTED]

Direct all administrative inquiries to:

Western Climate Initiative, Inc.	Contractor: Markit Group Limited
Attention: Greg Tamblyn	Attention: [REDACTED]
Phone: 916-449-9966	Phone: 212-205-1742
Fax: 916-446-7104	Fax: 212-205-7123
Email: gtamblyn@wci-inc.org	Email: [REDACTED]



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## **PURPOSE / BACKGROUND / OVERVIEW**

### **A. PURPOSE**

The purpose of this work is to design, develop, test, conduct, and report Auction Services for jurisdiction-specific and multi-jurisdiction greenhouse gas (GHG) allowance auctions, as well as for jurisdiction-specific allowance sales, as required by regulations governing the cap-and-trade programs of the Participating Jurisdictions.

### **B. BACKGROUND**

WCI, Inc. supports the Participating Jurisdictions in executing coordinated auctions of greenhouse gas emission allowances that conform to the Participating Jurisdictions' requirements. WCI, Inc. also supports the execution of reserve sales from the Participating Jurisdictions' programs.

### **C. OVERVIEW**

This Agreement provides for jurisdiction specific and multi-jurisdiction GHG allowance auctions, as well as for jurisdiction-specific sales. The scope of work in this Agreement includes: the development of a work plan and schedule; design, development and documentation of auction tools and services; testing and troubleshooting, developing processes and procedures; auction and reserve sale set up, operation and reports; preparation of a security plan, the addition of new jurisdictions, transition out at the end of the contract; and other activities as directed.

## **ATTACHMENT A: SCOPE OF WORK**

This Scope of Work covers nine (9) tasks. A brief description of each task is presented below:

**Task 1 – Develop Final Work Plan and Schedule.** Under this task the Contractor shall develop a Final Work Plan to reflect the final work schedule and task descriptions.

**Task 2 – Design, Develop, and Document Auction Tools and Services.** Under this task the Contractor shall develop the internet-based tools and related services to provide Auction Services. The Contractor will prepare design plans to guide the development of services necessary to administer auction and reserve sale events (events). Following approval of design plans by WCI, Inc. and the Participating Jurisdictions, the Contractor shall develop the internet-based tools and related services per the approved plans to support Participating Jurisdictions' ability to hold joint multi-jurisdiction auctions, jurisdiction-specific auctions, and jurisdiction-specific reserve sales. Currently, jurisdictions conducting auctions and reserve sales include California and Québec.

**Task 3 – Auction Services Testing and Troubleshooting.** Under this task the Contractor will conduct the necessary testing of the internet-based tools and services to ensure that Auction Services meet the needs of WCI, Inc. and the Participating Jurisdictions. The Contractor shall conduct unit, integration, and functional testing, as well as final quality assurance and regression testing. Additionally, the Contractor will conduct security vulnerability assessments and penetration testing as described in Task 6-Prepare a System Security Plan.

**Task 4 – Develop Processes and Procedures for Auction Services and Reserve Sale Services.** Under this task the Contractor shall prepare Processes and Procedures Documents that describe the steps and requirements needed to conduct multi-jurisdiction joint and jurisdiction-specific auctions and jurisdiction-specific reserve sales, and provide auditing data for all services provided.

**Task 5 – Auction and Reserve Sale Set Up, Operations, and Reports.** The Contractor shall implement the approved processes and procedures and utilize the approved final internet-based auction tools and services to establish and maintain Participant and Administrative Auction Services User accounts, set up events, conduct operations, determine settlement price and allowance awards, and complete reporting for auction and reserve sale events.

**Task 6 – Prepare a System Security Plan.** Under this task the Contractor shall prepare a System Security Plan describing the security approach for all proposed services and ensure compliance with the security process, practices, and requirements of the Participating Jurisdictions' codes and laws.



**Task 7 – New Jurisdictions.** The Contractor shall be prepared to update the Auction Services, materials, and procedures to accommodate the addition of new Participating Jurisdictions.

**Task 8 – Transition Out.** At the conclusion of the Agreement, if necessary, the Contractor will provide materials, documentation, and assistance to transition the Auction Services to a new selected contractor and to fully document activities completed during the course of the Agreement. The Contractor shall work with WCI, Inc. and the new contractor(s) selected by WCI, Inc. to transition the Auction Services, including training and knowledge transfer.

**Task 9 – Other Activities as Directed.** During the course of this contract, WCI, Inc. may request additional support directly related to this Scope of Work. The Contractor will undertake additional activities only when directed in writing by WCI, Inc.

## **ATTACHMENT B**

### **BUDGET DETAIL AND PAYMENT PROVISIONS**

#### **A. Invoicing and Payment**

For each task set forth on page 69 of the Contractor's Cost Proposal, which is incorporated as Attachment G ("Cost Proposal") satisfactorily rendered in accordance with the terms and conditions of the Agreement including the Specifications (as those terms are defined in Attachment C General Terms and Conditions), and upon receipt and approval of the invoice evidencing the satisfactorily rendered tasks, WCI, Inc. agrees to compensate the Contractor in accordance with the Cost Proposal. The maximum payable will not exceed the value identified in the Standard Agreement as reflected as the "Total Costs" set forth in the Cost Proposal. Compensation refers to the consideration to be paid to Contractor for all of Contractor's services provided and costs incurred to fulfill its duties and obligations in connection with the Agreement.

All tasks shall be payable in arrears for each month. Payment terms are NET 30.

Costs for travel will be incurred and charged for on a cost-reimbursable basis, at cost, and only if duly authorized in writing by the WCI, Inc. Project Manager. When traveling within the U.S., travel cost reimbursement must abide by U.S. Federal travel regulations and per diem rates published by the U.S. General Services Administration (<http://www.gsa.gov/portal/category/21287>). When traveling outside of the U.S., travel cost reimbursement must abide by the per diem rates used by the State Department ([http://aoprals.state.gov/web920/per\\_diem.asp](http://aoprals.state.gov/web920/per_diem.asp)).

Invoices shall include the Agreement Number and summary of services performed for the amount invoiced. Invoices shall be submitted monthly in arrears. Each item in the invoice must correspond to tasks identified in this attachment and the Cost Proposal. Invoices shall be submitted to the following address:

**Western Climate Initiative, Inc.**  
**980 Ninth Street, Suite 1600**  
**Sacramento, CA 95814**

## **ATTACHMENT C GENERAL TERMS AND CONDITIONS**

### **1. APPROVAL; AUTHORIZATION**

The Agreement shall be of no force or effect until signed by both parties and approved by the Board of Directors of WCI, Inc., if required. Contractor may not commence performance until any such required written approval has been obtained. Contractor represents that the Agreement has been duly authorized by all necessary corporate or other action on the part of Contractor and that the officer or other person signing the Agreement and any documents related thereto on behalf of Contractor possessed full authority to do so.

### **2. INSURANCE**

Contractor shall, and shall cause any subcontractors requested in writing by WCI, Inc. to, carry and maintain in effect the insurance coverages set forth on Attachment E: Contract Insurance Requirements at all times while performing the Work. Contractor shall provide WCI, Inc. with current insurance certificates evidencing these required coverages prior to commencing the Work, and shall give at least 30 days' advance written notice to WCI, Inc. of the cancellation or material alteration of such policies. At WCI, Inc.'s request, Contractor shall provide WCI, Inc. with evidence that the insurance coverages are being maintained. WCI, Inc., each Participating Jurisdiction (as defined in Section 10 of these General Terms and Conditions), each funding entity and their respective directors, officers, representatives, agents, employees and volunteers shall be named as an additional insured and certificate holder on the General Liability insurance policy and subrogation against WCI, Inc. shall be waived for the General Liability insurance policy. WCI, Inc., each Participating Jurisdiction (as defined in Section 10 of these General Terms and Conditions), each funding entity and their respective directors, officers, representatives, agents, employees and volunteers shall be named as an additional insured and certificate holder on the General Liability insurance policy and subrogation against WCI, Inc. shall be waived for the General Liability insurance policy. Contractor shall pay any deductibles, and all insurance shall be primary, without right of contribution by any insurance carried by WCI, Inc. Contractor shall comply with all financial responsibility standards required by applicable law.

### **3. SUBSTITUTION OF KEY PERSONNEL**

[REDACTED]

### **4. PERFORMANCE**

Contractor shall perform the Work safely, in accordance with the standard of care, skill, and diligence that is required by current, good, and sound professional

procedures and practices, and in conformance with generally accepted professional procedures and industry standards prevailing at the time the Work is performed and provided and required by a professional person or company competent and experienced in performance of work similar to the Work, and in accordance with prevailing industry standards. All Work shall be of good quality and shall conform in all respects to the requirements of the Agreement. The Work will operate according to the Agreement including the Scope of Work and any and all specifications and documentation which may be agreed to in writing between WCI, Inc. and the Contractor (collectively, "Specifications"). If it is determined that the Work does not operate according to the Specifications, Contractor shall cure the defect by repairing or replacing the defective Work. Contractor shall comply with all applicable laws in the performance of the Work and in its execution of this Agreement. Time is of the essence for the Agreement, and Contractor shall perform the Work in accordance with the Work Schedule. Although the Work may be interrupted, altered, delayed, or accelerated due to a *force majeure* event as listed in Section 41 of these General Terms and Conditions, governmental regulation, or similar conditions, except as set forth in Section 5 of these General Terms and Conditions, no changes in the Work Schedule or any compensation or reimbursement to be paid to Contractor shall be made as a result thereof.

## **5. CHANGE ORDERS**

If either party proposes that changes be made in the Scope of Work or the Work Schedule, Contractor shall submit a written change order request with the complete description of the proposed change, a statement of cost, revised Work Schedule impact, and any other information requested by WCI, Inc. Contractor bears all risks of performing, and WCI, Inc. shall be under no obligation to pay for, any changed Work without prior written approval of WCI, Inc. of the changes, which approval may be given or withheld at WCI, Inc.'s sole discretion.

## **6. FULL UNDERSTANDING; AMENDMENT**

The Agreement, together with all attachments, exhibits and Specifications, contains the full and complete understanding of the parties and supersedes all prior understandings or agreements on the subject matter hereof. The language contained in the Agreement shall prevail over any other language, including that of any proposal submitted by Contractor. No amendment or variation of the terms of the Agreement shall be valid unless made in writing and signed by both parties. No oral understanding or agreement outside of the Agreement is binding on any of the parties. For clarification purposes only, Specifications and other documentation related to the Work shall not be considered amendments to this Agreement.

## **7. ASSIGNMENT**

Neither the Agreement nor any interest in the Agreement is assignable by Contractor, either in whole or in part, without the prior written consent of, and on



such terms as may be approved by, WCI, Inc. in the form of a formal written amendment signed by Contractor, WCI, Inc. and Contractor's assignee.

## **8. AUDITS**

- A. Financial Audit. If the Agreement allows for Contractor to be paid fees at a daily or an hourly rate or for Contractor to be paid or reimbursed for expenses, Contractor shall maintain time records and books of account, invoices, receipts and vouchers of expenses in support of these payments, in form and content reasonably satisfactory to WCI, Inc. Contractor agrees that WCI, Inc. or its designated representative shall have the right to review and to copy any of Contractor's records and supporting documentation pertaining to the performance of tasks that are paid on the basis of a daily or an hourly rate or reimbursed as expenses. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention stipulated by WCI, Inc. Contractor agrees to allow the auditor(s) designated by WCI, Inc., any Participating Jurisdiction or any funding entity, and/or any of their respective duly authorized representatives access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of WCI, Inc., any Participating Jurisdiction or any funding entity, and/or any of their respective duly authorized representatives to audit records and interview staff in any subcontract related to the performance of tasks that are paid on the basis of a daily or hourly rate or reimbursed as expenses. Contractor shall promptly reimburse WCI, Inc. for any expenditures judged by an audit conducted by any of the above to be not in compliance with the requirements of the Agreement. Contractor shall include the provisions of this Section 8.A in any subcontract executed in connection with the Agreement.
- B. Programmatic Audit. Contractor agrees that WCI, Inc. or its designated representative (at WCI Inc.'s sole expense provided, however, Contractor shall bear its own costs, and not be entitled to reimbursement, for any time Contractor's employees spend in complying with or assisting in any such audits) shall have the right to review and to copy any of Contractor's records and supporting documentation pertaining to the performance of tasks that are paid through the Agreement to ensure compliance with the Agreement and with regulations governing the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is required by WCI, Inc. Contractor agrees to allow the auditor(s) designated by WCI, Inc., any Participating Jurisdiction or any funding entity, and/or any of their respective duly authorized representatives, access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of WCI, Inc., any

Participating Jurisdiction or any funding entity, and/or any of their respective duly authorized representatives, to audit records and interview staff in any subcontract related to the performance of tasks that are paid through the Agreement. Contractor shall include the provisions of this Section 8.B in any subcontract executed in connection with the Agreement. WCI, Inc. will provide no less than thirty (30) business days' notice prior to performing a programmatic audit as provided for by this Section 8.B.

- C. Security Audit. Upon WCI, Inc.'s written request, Contractor shall provide a reasonably detailed report of the security arrangements it maintains to protect the Platform as required in the Scope of Work and Confidential Information. WCI, Inc. or its representatives may conduct security inspections of such security arrangements upon reasonable notice to Contractor during normal business hours.

## **9. GRATUITIES**

If WCI, Inc. finds that Contractor or any of Contractor's employees, agents, or subcontractors offered or gave gratuities (in the form of entertainment, gifts or otherwise) to any director, officer, employee or agent of WCI, Inc. or of any Participating Jurisdiction or of any funding entity in any attempt to secure the Agreement or favorable treatment in awarding, amending or making any determinations related to the performance of the Agreement, WCI, Inc. may, by written notice to Contractor, terminate the Agreement, and pursue such other rights and remedies that the law or the Agreement provides.

## **10. INDEMNIFICATION**

- A. To the fullest extent permitted by law, Contractor shall indemnify, defend and hold harmless (i) the provinces of British Columbia and Quebec, the State of California and any other governmental jurisdiction participating in the greenhouse gas (GHG) reporting or cap-and-trade programs administered by WCI, Inc. (together, the "Participating Jurisdictions"), (ii) WCI, Inc., (iii) any funding entity and (iv) the directors, officers, employees and agents of each of the foregoing (clauses (i) through (iv) together, the "Indemnified Parties") from and against any and all debts, losses, claims, damages, costs, expenses, demands, fines, judgments, contracts (implied and expressed, written and unwritten), penalties, obligations, payments and liabilities of every type and nature (whether known or unknown, fixed or contingent), including any costs and expenses of any pending or threatened lawsuit, action or proceeding (including attorneys' fees, out-of-pocket expenses and other costs and expenses incurred in investigating, preparing or defending any such pending or threatened lawsuit, action or proceeding, whether brought by a party to the Agreement or by any other person), (collectively, the "Losses") incurred, suffered or sustained by any Indemnified Party by reason of or in connection with (y) any act, omission or alleged act or omission in violation or alleged violation of the Agreement by Contractor or any of its subcontractor or any of

their respective direct or indirect employees, contractors, subcontractors, suppliers or laborers or by any other person, firm or entity furnishing or supplying services, materials or supplies to, for or on behalf of Contractor or any of its subcontractors in connection with the Agreement or (z) any breach or alleged breach of the Agreement by Contractor or any of its subcontractors, including any breach or alleged breach of any representation, warranty, acknowledgement or covenant contained in these General Terms and Conditions or otherwise in the Agreement.

- B. Within a reasonable time after an Indemnified Party obtains actual knowledge of any claim, action, suit or proceeding by a third party (an "Action") as to which recovery may be sought against Contractor pursuant to this Section 10 or Section 24 of these General Terms and Conditions, the Indemnified Party shall give written notice of such Action to the Contractor, which written notice may be provided by WCI, Inc. on its behalf and on behalf of all other Indemnified Parties. Notwithstanding the foregoing, the right to indemnification under this Section 10 or Section 24 of these General Terms and Conditions shall not be affected by any failure or delay in giving such notice unless, and then only to the extent that, the rights and remedies of the Contractor have been materially prejudiced as a result of such failure or delay. If, within thirty (30) days after such notice has been given, Contractor notifies the Indemnified Party of its election to defend any Action, then, except as described below, the Contractor may control the defense of such Action at its own expense through counsel reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party may participate in such defense at its own expense but, in any event, Contractor will have the right to control such defense as long as it is actively defending such Action. Failure by Contractor to so notify the Indemnified Party shall be deemed a waiver by Contractor of its rights to defend such Action. In such event, the Indemnified Party may tender the defense to Contractor or, at the Indemnified Party's option, select counsel of its own choosing.
- C. The Indemnified Party can take over and assume control of the defense of an Action, or seek a settlement of any Action, if (i) Contractor has failed to accept the defense of, or to actively defend, the Action, (ii) in the Indemnified Party's reasonable judgment there is a conflict of interest between Contractor and the Indemnified Party in conducting the defense, (iii) the Action relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation against Contractor, (iv) the Action seeks an injunction or equitable relief against an Indemnified Party or (v) Contractor fails to provide reasonable assurance to the Indemnified Party that it has the financial capacity to defend such Action. In any of the foregoing cases, Contractor will pay the fees and expenses of one (but no more than one) counsel to all Indemnified Parties.
- D. Except with the prior written consent of the Indemnified Party, Contractor shall not, in the defense of any Action, consent to the entry of any judgment (other than a judgment of dismissal on the merits without costs) or enter into any settlement which does not include as an unconditional term thereof the giving

by the claimant or the plaintiff to the Indemnified Party of a release from all Losses in respect of such Action.

- E. Contractor shall not be responsible for any settlement entered into by the Indemnified Party without the prior written consent of Contractor, which consent shall not be unreasonably withheld.
- F. Within thirty (30) days of the Indemnified Party's written request, Contractor shall reimburse the Indemnified Party for the amount of any judgment or settlement rendered with respect to any Action and for all Losses incurred by the Indemnified Party relating to such Action.

## **11. TERMINATION FOR CAUSE**

If Contractor fails to perform any of the requirements of this Agreement at the time and in the manner herein provided, including any failure to meet the performance standards set forth in Section 4 of these General Terms and Conditions, WCI, Inc. may notify Contractor in writing of such failure. If (a) Contractor does not cure the failure within 15 days from the notice date, (b) if such failure is of such a nature that it cannot be cured within such 15-day period, and Contractor does not commence the cure within such 15-day period and promptly and diligently thereafter prosecute such cure to completion, or (c) if such failure is of such a nature that it cannot be cured, or (d) if such failure is of such a nature that it cannot be cured in a reasonable time, so that there is a reasonable likelihood that an auction will not be able to be conducted as planned; WCI, Inc. may, upon an additional 5 days' written notice, terminate this Agreement and be relieved of any further obligation to make payments for Work performed after the termination date. Additionally, WCI, Inc. shall not be responsible for any additional fees, costs or expenses incurred by Contractor in connection with its efforts to cure any such failure unless WCI, Inc. has agreed in writing to be so responsible. In the event of any such termination, WCI, Inc. has the right to any remaining Work for which it has paid before the termination date. In the event of any such termination, the cost incurred by WCI, Inc. to take over and complete the Work on its own behalf, over and above the payments that would have been made to Contractor to complete the Work had there been no termination for cause, shall be deducted from any remaining sums due Contractor under the Agreement, and the balance, if any, shall be paid to WCI, Inc. by Contractor upon demand.

## **12. INDEPENDENT CONTRACTOR**

Contractor, and the agents and employees of Contractor, in the performance of the Agreement, shall act in an independent capacity and not as directors, officers, employees or agents of WCI, Inc. or the Participating Jurisdictions or any funding entity. Contractor is not entitled to receive employee benefits or insurance coverage including worker's compensation, disability insurance, Social Security, unemployment compensation coverage, or any other statutory benefit. Contractor will maintain control over its employees and its subcontractors and will comply with all tax withholding or contribution requirements, whether federal, state, local or foreign,



applicable to its employees and subcontractors. Contractor will have the ability to obtain and maintain the required paperwork appropriate to perform the services required by the Agreement. Contractor will pay all the appropriate taxes on its compensation by WCI, Inc. and will indemnify WCI, Inc. for any unpaid tax obligations on fees paid to Contractor.

### **13. ACKNOWLEDGEMENT**

The parties acknowledge that WCI, Inc. is not an agent of any Participating Jurisdiction or any of its funding entities or of any combination of Participating Jurisdictions or its funding entities.

### **14. COMPENSATION**

The consideration to be paid to Contractor, as provided in the Agreement, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly provided to the contrary elsewhere in the Agreement. All compensation shall be paid in accordance with WCI, Inc.'s policies and procedures with respect to the compensation and payment of contractor business expenses. WCI, Inc. shall not be responsible for any expense incurred by Contractor that is not in accordance with WCI, Inc.'s policies and procedures.

### **15. UNENFORCEABLE PROVISIONS**

If any provision of the Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then the remaining provisions of the Agreement will remain in full force and effect as if such invalid or unenforceable provision had never been included. Notwithstanding the foregoing, if such invalid or unenforceable provision could be more narrowly drawn so as not to be invalid or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of the Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

### **16. SETTLEMENT OF DISPUTES**

- A. In the event a dispute shall arise between Contractor and WCI, Inc. and the parties have not been able to resolve the dispute in good faith within thirty (30) days of the existence of the dispute, the dispute shall be arbitrated before three arbitrators, one to be selected by each party and the third to be selected by the other two selected arbitrators. Any such arbitration shall be held in Sacramento, California, and notwithstanding anything to the contrary set forth elsewhere in these General Terms and Conditions, this agreement to arbitrate shall be enforceable through a proceeding brought in any court of competent jurisdiction. The arbitrators shall apply the substantive law of the State of California, without regard to its Conflicts of Laws provisions. Arbitration may be

conducted in accordance with the standard rules of the AAA Commercial Arbitration except that the arbitrators may not make any award not strictly in conformance with this Agreement. The decision of the arbitrators shall be final and conclusive upon the parties and may, notwithstanding anything to the contrary set forth elsewhere in these General Terms and Conditions, be entered and enforced in any court of competent jurisdiction within the State of California or elsewhere. In connection with any proceeding brought in accordance with this Section 16 in the State of California, Contractor and WCI, Inc. waive any objection to such jurisdiction on the grounds of venue or forum non conveniens and any similar grounds, consent to service of process by mail or in any other manner permitted by law, and agree to be bound by any judgment rendered by any such court in connection with the Agreement. Each party shall bear its own costs and expenses related to any arbitration, and the parties shall equally share the fees and expenses of the arbitrators and the arbitral body.

- B. The existence of a dispute not fully resolved shall not delay Contractor in its performance of the Agreement. Contractor shall continue with its responsibilities under the Agreement, which shall not be affected by the dispute.

## **17. POTENTIAL SUBCONTRACTORS**

Contractor shall not subcontract or delegate any of its obligations under the Agreement without prior written approval of WCI, Inc. Contractor shall require all subcontractors to comply with the obligations of Contractor in these General Terms and Conditions by incorporating the terms of these General Terms and Conditions into all subcontracts.

Nothing contained in the Agreement or otherwise shall create any contractual relation between WCI, Inc., any Participating Jurisdiction or any funding entity, on the one hand, and any subcontractor, on the other, and no subcontract shall relieve Contractor of its responsibilities and obligations under the Agreement. Contractor agrees to be as fully responsible to WCI, Inc. for the acts and omissions of its subcontractors and of persons employed by any of them in their performance of the subcontract as it is for the acts and omissions of persons directly employed by Contractor. Contractor's obligation to pay its subcontractors is an obligation independent from WCI, Inc.'s obligation to make payments to Contractor. As a result, WCI, Inc. shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

## **18. STOP WORK ORDER**

WCI, Inc. reserves the right to issue a written order to stop any or all Work in the event that a dispute should arise, WCI, Inc. receives a request to issue such an order from any Participating Jurisdiction or any funding entity or WCI, Inc. gives Contractor

a notice that the Agreement will be terminated. The order to stop any or all Work will be in effect until WCI, Inc. sends a written order to resume the stopped Work.

## **19. TERMINATION**

- A. WCI, Inc. reserves the right to terminate the Agreement in its sole discretion at any time upon ninety (90) days prior written notice to Contractor.
- B. In the case of early termination, Contractor shall submit an invoice and a report covering services to the termination date, following the invoice and progress report requirements of the Agreement. A copy and description of any data collected up to the termination date shall also be provided to WCI, Inc., along with all other materials required by the Agreement.
- C. Upon receipt of such invoice, progress report, data and other materials, a final payment will be made to Contractor. This payment shall be for all WCI, Inc.-approved, actually incurred costs that in the opinion of WCI, Inc. are justified and conform to the requirements of the Agreement, and shall include labor and materials purchased or utilized (including all non-cancellable commitments) prior to the termination date, and any pro rata indirect costs as specified in the Agreement.

## **20. COUNTERPARTS**

The Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

## **21. PROGRESS PAYMENTS**

To the extent not provided otherwise elsewhere in the Agreement, in computing the amount of any progress payment, WCI, Inc. shall determine what Contractor has earned during the period for which payment is being made on the basis of the Agreement terms, but shall retain out of such earnings an amount equal to ten percent (10%) thereof, pending satisfactory completion of the entire task required under the Agreement. However, if the Agreement consists of the performance of separate and distinct tasks, then at the discretion of WCI, Inc., any funds so withheld with regard to a particular task may be paid upon completion of that task. A final invoice must be submitted by Contractor to WCI, Inc. and approved by WCI, Inc. to release the withheld funds.

## **22. FINAL PAYMENT**

The acceptance by Contractor, or by anyone claiming by or through it, of final payment shall be and shall operate as a full and final release of the Indemnified Parties as to all claims by and all liability to Contractor for all things done or furnished in connection with the Agreement and for every act or neglect of the Indemnified

Parties and others relating to or arising out of the Agreement, including claims arising out of breach of contract and claims based on claims of third persons.

### **23. COMPUTER SOFTWARE**

Contractor certifies that it has appropriate systems and controls in place to ensure that WCI, Inc. funds will not be used in the performance of the Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

### **24. INTELLECTUAL PROPERTY**

- A. Except as set forth in the Scope of Work or in the Work Schedule and for the below described rights to use the Exchange (as hereinafter defined) for greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, the right to use all material, software, firmware, compositions of matter, manufactures, apparatus, appliances or processes required in connection with the Agreement and to which a patent, copyright or other intellectual property right applies or may apply shall be obtained by Contractor without separate or additional compensation whether the same is patented, copyrighted or otherwise protected as an intellectual property right before, during or after the performance of the Agreement.
- B. During the term of this Agreement, Contractor grants to WCI, Inc. and the representatives of the Participating Jurisdictions or funding entities who shall have access to the Platform (as defined below), for the term of this Agreement, a fully-paid, royalty-free, non-exclusive, non-transferrable and non-sublicensable license to access and use Contractor's auction platform (the "Platform") and related documentation solely for purposes of implementing, administering and conducting the GHG reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity. Such license shall remain in effect for the term of this Agreement. Except to the extent permitted by this Agreement, WCI, Inc. may not modify, copy, distribute, transmit, display, perform, reproduce, publish, license, reverse engineer, decompile, create derivative works from, transfer, or sell any software, products or services obtained from the Platform.
- C. Contractor acknowledges and agrees that all data and other information (a) concerning the GHG reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, (b) provided to Contractor by WCI, Inc. any Participating Jurisdiction or any funding entity under this Agreement, or (c) relating to bidding entities and their bids, which is entered or inputted into, used, stored, processed, compiled or analyzed by or created, produced or generated by the Platform (collectively, "WCI, Inc. Information") (i) shall be deemed to be confidential or proprietary information of WCI, Inc., any Participating Jurisdiction or any funding entity, as the case may



be, (ii) shall be treated by Contractor as "Confidential Information" of WCI, Inc. in accordance with this Agreement, including Section 26 of these General Terms and Conditions, (iii) Contractor shall only use WCI, Inc. Information as necessary to perform its obligations as set forth in this Agreement; and (iv) shall be returned to WCI, Inc. or, at WCI, Inc.'s direction at the conclusion of the engagement, upon termination of this Agreement or upon the written request of WCI, Inc. and, in connection with the return of such data and other information, an officer of Contractor shall certify in writing to WCI, Inc. that all such data and other information has been returned to WCI, Inc. and that no such data or other information has been retained by Contractor.

- D. Contractor shall defend, indemnify, and hold the Indemnified Parties harmless against all Losses promptly upon the incurrence thereof resulting from any third party claim that the Contractor work product produced, used, created or delivered by Contractor, its employees or its subcontractors, including any documentation associated with any work product and any work product which includes any third party content, under the Agreement excluding WCI, Inc. Information (the "Contractor Work Product") infringes, misappropriates or otherwise violates a patent, trademark, copyright or other third party's proprietary right. Notwithstanding the foregoing, Contractor shall have no obligation or liability with respect to any such claim or liability based upon (i) Contractor Work Product that has been altered, modified or revised by anyone other than Contractor or any of its subcontractors and such claim or liability would have been avoided but for the alteration, modification or revision; (ii) the combination, operation or use of Contractor Work Product with products not furnished by Contractor or set forth in the documentation accompanying the Contractor Work Product when such combination, operation or use is part of any allegedly infringing process; or (iii) use of the Contractor Work Product in a manner not authorized in the documentation accompanying the Contractor Work Product when such claim or liability would have been avoided but for such unauthorized use. A party shall promptly notify the other party of any such claim upon becoming aware of such claim. In addition to the obligations above, if any Contractor Work Product becomes the subject of any third party claim, demand or allegation that the Contractor Work Product infringes, misappropriates or otherwise violates any third party's patent, trademark, copyright or other proprietary right, then Contractor, at its sole option, shall: (i) promptly obtain, at no expense to WCI, Inc., the right for WCI, Inc. to continue exercising all rights and licenses in such Contractor Work Product in accordance with the terms of the Agreement; or (ii) replace the subject Contractor Work Product with non-infringing and substantially equivalent work.
- E. Except for those items specifically set forth in the Scope of Work or the Work Schedule as exceptions to this Section 24(E), Contractor agrees that all output generated from Contractor Work Product produced, used, created or delivered during the term of the Agreement by or for Contractor, its employees or any of its subcontractors it engages to perform work for WCI, Inc. related to or containing WCI, Inc. Information, WCI, Inc.'s existing products, services or

business or WCI, Inc.'s proprietary or sensitive information shall become the absolute and exclusive property of WCI, Inc. (collectively, the "WCI, Inc. Intellectual Property"). All WCI, Inc. Intellectual Property shall automatically be deemed to become the property of WCI, Inc. immediately when made. Contractor shall, and shall cause its subcontractors to, cooperate with and assist WCI, Inc. (at WCI Inc.'s sole expense, provided, however, Contractor shall bear its own costs, and not be entitled to reimbursement, for any time Contractor's employees spend in assisting with any such assignment or application) to apply for and to execute any applications and/or assignments reasonably necessary to obtain any patent, copyright, trademark, or other statutory protection for any WCI, Inc. Intellectual Property. Contractor shall, and shall cause employees and subcontractors of Contractor to, promptly sign any and all lawful papers, take all lawful oaths and do all lawful acts, including giving testimony, upon request by WCI, Inc., in connection with any patent, trade name, trademark, service mark or copyright application or issued patent, or registered copyright or trademark and/or any divisions, continuations, renewals, re-examinations, reissues or the like of any of them. Such lawful papers include, but are not limited to, any and all declarations, powers, assignments, and other papers deemed by WCI, Inc. to be necessary or advisable in connection with the filing or prosecution of any patent, trademark, service mark or copyright application or in connection with the grant of any letters patent, trademark or service mark registration, or copyright registration, or in connection with the transfer of any rights to any invention, trademark, trade name, service mark, or copyright. Contractor agrees to keep and maintain adequate and current written records of the foregoing described in this paragraph and promptly to disclose to WCI, Inc. all WCI, Inc. Intellectual Property.

- F. WCI, Inc., at its discretion, may grant a nonexclusive and paid-up license to Contractor and its subcontractors to use any copyrightable materials or other intellectual property related to the WCI, Inc. Intellectual Property.
- G. Contractor and its subcontractors shall not disclose any of the WCI, Inc. Intellectual Property or any portion thereof, to any other organization or person without the prior written consent of WCI, Inc. (which shall not be unreasonably delayed or withheld where such disclosure is required for Contractor or its subcontractor to perform in accordance with the Agreement and such performance is consistent with the terms and conditions of the Agreement).
- H. Contractor and its subcontractors shall not use the WCI, Inc. Intellectual Property, or any portion thereof, in any other work without the prior written consent of WCI, Inc., subject to any license granted in writing to Contractor by WCI, Inc.

## **25. RIGHTS IN DOCUMENTS, MATERIALS, AND DATA PRODUCED**

Contractor shall deliver or cause the delivery to WCI, Inc. of all WCI, Inc. Intellectual Property as soon as practical and in any event no later than the termination or completion of the Work. WCI, Inc. shall have the right to use the WCI, Inc. Intellectual Property without restriction or limitation and without compensation to Contractor other than that provided for in the Agreement. Any document produced in whole or in part under the Agreement shall not be the subject of an application for copyright by or on behalf of Contractor or its subcontractors. All reports and other documents completed by Contractor as a part of the Agreement shall bear on the title page of such report or document such legend as may be agreed upon by Contractor and WCI, Inc. The month and year in which the document was prepared shall also be shown.

## **26. CONFIDENTIALITY**

Contractor acknowledges that the Confidential Information (as hereinafter defined) of WCI, Inc. has independent economic value, is not known to other persons who might profit from its use and is the subject of efforts by WCI, Inc. to maintain its secrecy that are reasonable under the circumstances. Contractor agrees to use such Confidential Information solely for the purposes permitted by the Agreement and further agrees not to, directly or indirectly, disclose to any other person any Confidential Information except to the extent expressly required by law or authorized in writing by WCI, Inc. For the purposes of the Agreement, "Confidential Information" shall include any information so described elsewhere in the Agreement including WCI, Inc. Information, all data stored or made accessible through the Compliance Instrument Tracking System Service or any additional or successor tracking system service, unless WCI, Inc. notifies Contractor in writing that such information is not confidential, any information identified as confidential in agreements entered into by WCI, Inc. with Participating Jurisdictions or any funding entity and identified elsewhere in the Agreement, and any confidential, proprietary or trade secret information of WCI, Inc., any Participating Jurisdiction and any funding entity that is disclosed to Contractor or Contractor otherwise obtains in the course of its performance of the Agreement such as, but not limited to, information related to articles, electronic data, recordings, papers, bulletins, reports or other material reporting the plans, progress, analysis or results and findings of the Work, business plans, party lists, benefit plans, designs, pricing offered to or agreed upon by parties, commissions or commission structures, financial statements, software diagrams, flow charts, product plans and other items and information belonging to WCI, Inc., its personnel, customers and affiliates. Confidential Information shall not include any information: (i) that as of the time of receipt by Contractor is in the public domain or subsequently enters the public domain without breach of the Agreement by Contractor; (ii) that as of the time of receipt by Contractor, is already known to or in Contractor's possession other than as a result of an improper disclosure to Contractor; (iii) is independently developed by or for Contractor without the use of any Confidential Information as evidenced by Contractor's own files and records; (iv) is received in good faith by Contractor from a third party that was lawfully in possession of, and entitled to disclose, the information;

or (v) that the parties mutually agree in writing to release from the terms of the Agreement. Contractor shall use best endeavors to prevent any disclosure of Confidential Information by Contractor, its subcontractors, or its or their agents and employees. Contractor further agrees to not deliver, "reverse engineer," reconstruct, reproduce or in any way allow such Confidential Information or any documentation relating thereto to be delivered or used by any third party without specific direction or consent of WCI, Inc.

In addition, Contractor shall:

- A. Notify WCI, Inc. promptly and in writing of the circumstances surrounding any possession, use or knowledge of Confidential Information or any part thereof by any person in a manner other than as authorized by this Section 26.
- B. Ensure that Contractor's and all subcontractors' senior management with operating knowledge of the Work, and all of their respective employees, agents, and representatives working directly on the tasks provided for in the Agreement, sign and submit to Contractor Attachment D: Individual Conflict of Interest and Confidentiality Statement. Contractor will then certify to WCI, Inc. as to the submission of such statements by all such required individuals, and will in addition sign and submit to WCI, Inc. Attachment D1: Organization Conflict of Interest and Confidentiality Statement on its own behalf, and obtain and submit to WCI, Inc. Attachment D1: Organization Conflict of Interest and Confidentiality Statement signed by each subcontractor.
- C. Adhere to all WCI, Inc. confidentiality and disclosure policies disclosed to Contractor in writing and, if directed by WCI, Inc., enter into agreements with Participating Jurisdictions and funding entities related to the management, sharing, and disclosure of information. Contractor and any subcontractor in connection with the performance of the Agreement must make available for WCI, Inc.'s inspection all requested background information on staff performing the Work employed by the Contractor and any subcontractor.
- D. Treat all Confidential Information, and Deliverables (as defined in Attachment A) Confidential Information in accordance with this Agreement. No Confidential Information, Deliverables, or Work may be disclosed in any form to any third party without the written consent of the Executive Director of WCI, Inc. or his or her authorized agent, except when required by law or legal process. Contractor is authorized to maintain a copy of all information necessary to comply with its contractual obligations and applicable professional standards. If WCI, Inc.'s Executive Director or his or her authorized agent so requires, the following disclaimer must accompany all Confidential Information prepared by Contractor or prepared or provided by WCI, Inc. and copied or reproduced in any form by Contractor: "Publication of this document shall not be construed as endorsement of the views expressed therein by Western Climate Initiative, Inc. or any federal, state or provincial agency."



- E. Not use, without WCI, Inc.'s written approval, any WCI, Inc. materials for any purpose other than performing the contracted services.
- F. Not remove any WCI, Inc. or Participating Jurisdiction or any funding entity equipment and/or data on any activities from WCI, Inc.'s secured environment without advance written approval from WCI, Inc.
- G. Upon full payment to Contractor, surrender all documents, property (whether in written or electronic form) and transportable recorded media of any kind belonging to WCI, Inc. or containing WCI, Inc. Confidential Information at the conclusion of the engagement, upon termination of the Agreement, or upon the written request of WCI, Inc.
- H. Upon confirmation of loss or theft of Confidential Information in any form, immediately report to WCI, Inc. the occurrence of such loss or theft.
- I. Provide WCI, Inc. all pass phrases/passwords used as private keys to encrypt data used, produced or acquired in the course of performing duties under the Agreement.
- J. Make reasonable security arrangements to protect Confidential Information from unauthorized access, collection, use, disclosure, alteration or disposal and in any event, employing measures no less protective than Contractor employs for its own most highly protected confidential and proprietary information.
- K. Not damage or harm WCI, Inc.'s reputation, goodwill and business relations with any person or entity, including but not limited to customers, official bodies, governmental agencies and WCI, Inc. employees.

## **27. CONFLICTS OF INTEREST**

- A. Contractor must ensure that no conflicts of interest exist between the services required under the Agreement and services provided by Contractor to other clients or Contractor's other business operations.
- B. Contractor must not have any financial interests in the outcome of any services it provides under the Agreement except for fees for service under the Agreement.
- C. Contractor must have in place formal policies and procedures to identify and mitigate conflicts of interest and ensure that Contractor's organization, management and employees avoid financial interests and activities that potentially create conflicts of interest. Complete copies of all such formal policies and procedures shall be provided to WCI, Inc. prior to Contractor's commencement of Work under the Agreement.
- D. Contractor and its subcontractors must not be subject to any laws or regulations specific to any greenhouse gas (GHG) reporting or cap-and-trade program in any

WCI, Inc. Participating Jurisdiction or any funding entity. Contractor and its subcontractors must not be a beneficial owner of more than 5% of the voting interests of any entity subject to any of the provisions of any GHG reporting or cap-and-trade program in any WCI, Inc. Participating Jurisdiction or any funding entity. In addition, the Contractor and its subcontractors must not be a beneficial owner of more than 5% of the voting interests of any direct parent company, direct subsidiary or sister company of an entity subject to any of the provisions of any GHG reporting or cap-and-trade program in any WCI, Inc. Participating Jurisdiction or any funding entity.

- E. Contractor must ensure that its employees and subcontractors meet and comply with the requirements described in Sections 27.A through 27.C above.
- F. Notwithstanding the foregoing, WCI, Inc. reserves the right to determine, at its sole discretion, whether information received from any source indicates the existence of an actual or potential conflict of interest. If WCI, Inc. determines that a conflict of interest exists, or that there is an unavoidable appearance of a conflict of interest that cannot be resolved to the satisfaction of WCI, Inc., WCI, Inc. may terminate the Agreement immediately upon written notice to Contractor.
- G. Contractor will advise WCI, Inc. if performing services for other clients could potentially interfere with Contractor's duties pursuant to this Agreement.

## **28. PUBLICITY**

Neither Contractor nor any of its subcontractors shall issue or permit to be issued any press release, advertisement, or literature of any kind that refers to WCI, Inc., any Participating Jurisdiction or any funding entity or the Work performed in connection with the Agreement without first obtaining the written approval of WCI, Inc. Such approval may be withheld for any reason.

## **29. NO CONFLICT**

[Intentionally Left Blank]

## **30. COMPLIANCE WITH LAWS, SAFETY**

Contractor shall give all necessary notices, secure all necessary permits, and comply with all applicable federal, state, provincial and local laws, ordinances, rules and regulations applicable to the Work including, without limitation, all nondiscrimination in employment, safety, health, and environmental laws, rules, and regulations.

## **31. NO VIOLATION OF OTHER AGREEMENTS OR COVENANTS**

Contractor has not signed any other agreement, and has not accepted any obligation, that would interfere or conflict with its ability to fulfill its duties and obligations in connection with the Agreement. Contractor has not entered into and is not bound by

any covenants, laws, rules or regulations that would restrict, impair or prevent the performance of its duties and obligations under the Agreement.

### **32. STATUS**

Contractor has the power and authority to enter into and perform its obligations under this Agreement. To the best of Contractor's knowledge after due inquiry, Contractor's performance pursuant to this Agreement will not violate the legal or equitable rights of any third party.

### **33. RIGHTS AND REMEDIES**

Contractor has no recourse against the Participating Jurisdictions or any funding entities, elected officials, commissioners, employees or agents of any Participating Jurisdiction or funding entity for any claim, right or demand arising out of or related to the Agreement.

### **34. LIMITATION OF DAMAGES**

WCI, Inc., its directors, officers, employees and agents and any other Indemnified Party shall not be liable for any special, indirect, incidental, or consequential damages, including economic damages such as lost profits, arising out of or in connection with the Agreement or the performance of the Work, regardless of whether any such person or entity has been told, has reason to know or, in fact, knows of the possibility of any such damages or whether any related claim sounds in tort, contract, breach of warranty or any other theory.

### **35. THIRD PARTIES**

The parties agree that the Participating Jurisdictions and any funding entity are intended third-party beneficiaries of the Agreement. Other than the Participating Jurisdictions and any funding entity, there are no other third party beneficiaries with any rights under the Agreement.

### **36. RESTRICTIONS ON CONTACT WITH WCI, INC. EMPLOYEES AND CONSULTANTS**

Unless otherwise agreed to in writing, the parties hereto agree that during the term of this Agreement and for a period of one (1) year after the expiration or termination of this Agreement, neither party shall knowingly solicit for employment any person employed by the other working under this Agreement. This Section 36 shall not restrict in any way the right of either party to solicit or recruit generally in the media, and shall not prohibit either party from hiring an employee of the other who answers any advertisement or who otherwise voluntarily applies for hire without having been personally solicited by the hiring party.

### **37. REMEDIES OF WCI, INC.**

Each party agrees that it would be impossible or inadequate to measure and calculate the other's damages from a breach of the covenants of the Agreement. Accordingly, Each party agrees that if it breaches or threatens to breach any of such covenants in the Agreement, the other party will have available in addition to any other right or remedy available to it at law or in equity, the right to seek an injunction from a court of competent jurisdiction restraining such breach or threatened breach and ordering specific performance of any such provision of the Agreement. Each party further agrees that no bond or other security shall be required in obtaining such equitable relief, and hereby consents to the issuance of such injunction and to the ordering of specific performance.

### **38. GOVERNING LAW; FORUM**

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California without reference to its conflict-of-law principles. Subject to the requirements of Section 16 of these General Terms and Conditions, Contractor and WCI, Inc. consent to the exclusive jurisdiction of the federal and state courts of California, in connection with any action or proceeding arising out of the Agreement, or any document or instrument delivered in connection with the Agreement. Contractor and WCI, Inc. waive any objection to such jurisdiction on the grounds of venue or forum non conveniens and any similar grounds, consent to service of process by mail or in any other manner permitted by law, and agree to be bound by any judgment rendered by any such court in connection with the Agreement.

### **39. NOTICES**

All notices or other communications required or to be given under the Agreement shall be given in writing and delivered personally or by nationally recognized overnight courier or by certified mail, postage prepaid, return receipt requested, to the receiving party at the address set forth in the Agreement. Notice shall be deemed given on the date of delivery in the case of personal delivery, on the date of delivery or refusal of delivery in the case of delivery by overnight courier or on the delivery or refusal date as specified on the return receipt in the case of certified mail.

### **40. CONSTRUCTION**

The Agreement shall be construed neutrally and without regard to the party that drew it, and any ambiguity shall not be interpreted against the drafting party. Headings used in the Agreement are provided for convenience only and shall not be used to construe meaning or intent. Where the context allows, the word "including" shall mean "including without limitation." The word "or" not exclusive.

### **41. FORCE MAJEURE**

Neither Contractor nor WCI, Inc. shall be responsible or liable for any failure or delay in the performance of its obligations under the Agreement arising out of or caused,

directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God, earthquakes, fires, floods, wars, civil or military disturbances, sabotage, epidemics, riots, loss or malfunctions of utilities, computer (hardware or software) or communications service disruptions, labor disputes, acts of civil or military authority, or governmental, judicial or regulatory actions, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility that are beyond the party's reasonable control and that prevent the party from performing its obligations under the Agreement. Each party shall notify the other of the occurrence of a *force majeure* event as soon as possible after learning of same, and any notifying party shall resume or begin the performance of any delayed or unperformed obligations as soon as reasonably practicable after the end of the *force majeure* event.

#### **42. PARTICIPATING JURISDICTIONS' AND FUNDING ENTITIES' POLICE POWER AND OTHER SOVEREIGN POWERS UNIMPAIRED**

Notwithstanding any provision to the contrary elsewhere in this Agreement or these General Terms and Conditions, nothing in this Agreement or these General Terms and Conditions shall limit or otherwise impair in any respect any Participating Jurisdiction's or any funding entity's future exercise of their police power or any other sovereign powers.

#### **43. WAIVER**

Each party may extend or waive compliance with any of the agreements of the other party or conditions to such other party's obligations contained in the Agreement. Any such extension or waiver shall be valid only if set forth in a writing signed by the party to be bound thereby. Any waiver of any term or condition of the Agreement shall not be construed as a subsequent waiver of the same term or condition or a waiver of any other term or condition of this Agreement. The delay or failure of any party to assert any of its rights under the Agreement shall not constitute a waiver of any such rights or in any way affect the validity of such rights. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

#### **44. RELIANCE**

WCI, Inc. acknowledges that it has not relied upon any warranty, guarantee or representation (express or implied) made by Contractor or its affiliates or subcontractors except the warranties, guarantees and representations made by Contractor or its affiliates or subcontractors and specifically set forth in the Agreement, including all attachments, exhibits and Specifications, or any submission made by Contractor or its affiliates or subcontractors in connection therewith.

#### **45. SURVIVAL**

The provisions of Sections 8, 10, 15, 16, 24, 25, 26, 28, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43 and 45 hereof shall survive the expiration or termination of the Agreement.

## **ATTACHMENT D INDIVIDUAL CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT**

I certify that I and any member of my immediate family (parents, siblings, spouse, children, or domestic partner) are not a partner, director, manager, officer, key employee, or beneficial owner of more than 5% of the voting interests of any entity that is subject to any of the provisions of the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if I or any member of my immediate family becomes a partner, director, manager, officer, or key employee or acquire beneficial ownership of more than 5% of the voting interests of any entity that is subject to any of the provisions of the GHG reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to [insert name] who will disclose this information to WCI, Inc.

I certify that I and any member of my immediate family are not a partner, director, manager, officer or key employee of, or a beneficial owner of more than 5% of the voting interests of, any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if I or any member of my immediate family becomes a partner, director, manager, officer or key employee of, or a beneficial owner of more than 5% of the voting interests of, any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to [insert name] who will disclose this information to WCI, Inc.

I certify that I will not accept any gift, benefit, gratuity or consideration from anyone other than my employer, based on any understanding that it would influence my performance under this Agreement.

I certify that I will keep confidential and secure and will not copy, give, or otherwise disclose to any other person or entity who has not signed a copy of this Conflict of Interest and Confidentiality Statement, all appropriately marked or verbally deemed confidential information concerning the Project (as defined in the Work Schedule) and any other confidential or proprietary information which I learn or acquire in the course of performing duties under the Agreement, and I will follow any instructions provided by the WCI, Inc. Project Manager relating to the confidentiality of Project information. I understand that the information that must be kept confidential ("confidential information") includes, but is not limited to:



- A. All data, analyses, specifications, requirements, concepts and discussions received from WCI, Inc., any Participating Jurisdiction or any funding entity in the course of performing requirements under the Project.
- B. Any personally identifying information, proprietary process or sensitive, non-public market data.
- C. Any third-party confidential information included with, or incorporated in, information provided by WCI, Inc., any Participating Jurisdiction or any funding entity, or otherwise obtained in the course of performing requirements under the Project.
- D. Communications with staff of WCI, Inc., any Participating Jurisdiction or any funding entity related to any of the requirements under the Project, including oral discussions, telephone conversations, emails, attachments, letters and faxes.
- E. All notes, data, analyses, compilations or reports prepared by me that contain or are based upon confidential information.

I certify that I will not use confidential information, or any part thereof, in the performance of services or for the benefit of any person or entity, in any form, whether gratuitously or for valuable consideration, except as provided under the Project, without the prior written consent of WCI, Inc. I understand that [name] is authorized to disclose information pursuant to law or legal process.

I certify that if I leave this Project before it ends, or at the termination of the Project, I will return all confidential information and copies thereof in my possession or control To [insert name], and I will not disclose such information or otherwise make it available, in any form or manner, to any other person or entity. I certify that I have read and understand this Conflict of Interest and Confidentiality Statement, including the requirements set forth therein related to conflict of interest, confidentiality and limitations on the use of confidential information.

I certify that I understand that any unauthorized disclosure of confidential information will be handled in accordance with Section 26 of the Agreement.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

Organization: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Fax No.: \_\_\_\_\_

Email Address: \_\_\_\_\_

Capitalized terms used but not defined in this Conflict of Interest and Confidentiality Statement shall have the meanings assigned to such terms in the Standard Agreement, dated [insert date], between Western Climate Initiative, Inc. and Markit Group Limited.

## ATTACHMENT D1

### ORGANIZATION CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT

I certify that **Markit Group Limited** is not a beneficial owner of more than 5% of the voting interests of any entity that is subject to any of the provisions of the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if **Markit Group Limited** requires beneficial ownership of more than 5% of the voting interests of any entity that is subject to any of the provisions of the GHG reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to WCI, Inc.

I certify that **Markit Group Limited** is not a beneficial owner of more than 5% of the voting interests of any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if **Markit Group Limited** acquires beneficial ownership of more than 5% of the voting interests of any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to WCI, Inc.

I certify that **Markit Group Limited** will not accept any gift, benefit, gratuity or consideration from anyone, based on any understanding that it would influence **Markit Group Limited's** performance under this Agreement.

I certify that **Markit Group Limited** will keep confidential and secure and will not copy, give, or otherwise disclose to any other person or entity who has not signed a copy of this Conflict of Interest and Confidentiality Statement, all appropriately marked or verbally deemed confidential information concerning the Project any other confidential or proprietary information which **Markit Group Limited** learns or acquires in the course of performing duties under the Agreement, and will follow any instructions provided by the WCI, Inc. Project Manager relating to the confidentiality of Project information.

**Markit Group Limited** understands that the information that must be kept confidential ("confidential information") includes, but is not limited to:

- A. All data, analyses, specifications, requirements, concepts and discussions received from WCI, Inc., any Participating Jurisdiction or any funding entity in the course of performing requirements under the Project.
- B. Any personally identifying information, proprietary process or sensitive, non-public market data.

- C. Any third-party confidential information included with, or incorporated in, information provided by WCI, Inc., any Participating Jurisdiction or any funding entity, or otherwise obtained in the course of performing requirements under the Project.
- D. Communications with staff of WCI, Inc., any Participating Jurisdiction or any funding entity related to any of the requirements under the Project, including oral discussions, telephone conversations, emails, attachments, letters and faxes.
- E. All notes, data, analyses, compilations or reports prepared by **Markit Group Limited** that contain or are based upon confidential information.
- F. All other information identified in the Agreement as Confidential Information.

I certify that **Markit Group Limited** will not use confidential information, or any part thereof, in the performance of services or for the benefit of any person or entity, in any form, whether gratuitously or for valuable consideration, except as provided under the Project, without the prior written consent of WCI, Inc. I understand that **Markit Group Limited** is authorized to disclose information pursuant to law or legal process.

I certify that **Markit Group Limited** understands that any unauthorized disclosure of confidential information will be handled in accordance with Section 26 of the Agreement.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

Organization: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Fax No.: \_\_\_\_\_

Email Address: \_\_\_\_\_

Capitalized terms used but not defined in this Conflict of Interest and Confidentiality Statement shall have the meanings assigned to such terms in the Standard Agreement, dated **[insert date]**, between Western Climate Initiative, Inc. and **Markit Group Limited**.

## **ATTACHMENT E**

### **CONTRACT INSURANCE REQUIREMENTS**

WCI, Inc. retains the right to request an increase to insurance requirements (at WCI, Inc.'s sole expense) when additional risk exposures concerning the activities covered under the Agreement are evident.

Throughout the life of the Agreement, the Contractor shall pay for and maintain in full force and effect with an insurance company(s) rated not less than "A-: VII" in A.M. Best Insurance Key Rating Guide, the following policies of insurance:

1. **Commercial General Liability Insurance** Commercial General Liability insurance written on an occurrence basis (Insurance Services Office, Form CG 00 01 or equivalent) with limits of at least [REDACTED] per occurrence and at least [REDACTED] products/completed operations aggregate and a [REDACTED] general aggregate limit. Contractor shall not provide general liability insurance under any Claims Made General Liability form. The General Liability Insurance policy must expressly cover all liability to third parties arising out of or related to Contractor's services or other activities associated with the Agreement, including, without limitation, Contractor's indemnification obligations under the Agreement. Contractor's liability insurance must be issued by responsible insurance companies, maintaining an A.M. Best's Rating of A-VII or better. The General Liability insurance policy shall waive right of recovery (waiver of subrogation) against WCI, Inc., each Participating Jurisdiction and each funding entity.
2. **Additional Insured on General Liability Policy** WCI, Inc., each Participating Jurisdiction and each funding entity and their respective directors, officers, representatives, agents, employees and volunteers as additional insureds under each commercial general liability policy identified in the preceding paragraph above. Specifically, the policy shall include a combination of ISO forms CG2010 10/01 and CG 2037 10/01 or is equivalent and shall stipulate that the insurance afforded the additional insureds shall apply as primary insurance, and that any other insurance coverage carried by or otherwise available to an "Additional Insured" will be excess only and will not contribute with this insurance.
3. **Workers Compensation Insurance** Contractor's Workers Compensation Insurance with minimum limits of \$1,000,000 each for bodily injury by accident (per accident per person), bodily injury by disease (policy limit) and bodily injury by disease (each employee). Contractor must maintain such a policy and provide a certificate of insurance and must provide a waiver of subrogation.
4. **Automobile Insurance** If applicable, Automobile Liability Insurance, including liability for hired and non-owned vehicles, with minimum limits of [REDACTED] for bodily injury per person, [REDACTED] property damages and [REDACTED] combined single limit per occurrence; such coverage must be for "all hired autos and non-owned autos".

5. **Professional E&O Insurance (if applicable)** Professional Liability Insurance in an amount of not less than [REDACTED] per claim and written on a claims made bases.
6. **Cyber Liability Coverage: (if applicable)** Insurance with limit no less than [REDACTED] per occurrence or claim, [REDACTED] aggregate that includes:
  - Security and privacy liability
  - Media liability
  - Business interruption and extra expense
  - Cyber extortion
7. **Professional Liability (Errors and Omissions) and/or Cyber Liability Coverage** insurance above is written on a claims-made basis, it shall be maintained continuously for a period of no less than 3 years after the date of Final Completion (at the sole expense of WCI, Inc.). The insurance shall have a retroactive date of placement prior to or coinciding with the date services are first provided that are governed by the terms of the Agreement and shall include, without limitation coverage for professional services as called for in the Agreement.

8. **General Insurance Provisions**

- Certificates of Insurance, as evidence of the insurance required by this Contract Insurance Requirements Attachment shall be submitted by Contractor to WCI, Inc. Markit or its carriers shall provide notice of cancellation or material modification of coverage.
- Proper Address for Mailing Certificates and Notices shall be:

**Western Climate Initiative, Inc.  
980 Ninth Street, Suite 1600  
Sacramento, CA 95814**

- If at any time during the life of the Agreement or any extension, the Contractor fails to maintain the required insurance in full force and effect, all work under the Agreement shall be discontinued immediately, and all payments due or that may become due to the Contractor shall be withheld until acceptable replacement coverage notice is received by WCI, Inc. Any failure to maintain the required insurance shall be sufficient cause for WCI, Inc. to immediately terminate the Agreement.
- Contractor shall ensure that its sub-contractors (other than those sub-contractors granted an exemption by WCI, Inc.) of every tier, also carry insurance with the provisions of this Contract Insurance Requirements Attachment.



**ATTACHMENT F**  
**CONTRACTOR'S TECHNICAL AND COST PROPOSAL**



Western Climate Initiative, Inc.  
Auction and Reserve Sale Administrator Services

Request for Proposal  
RFP No. 2015-01

Markit Response (UPDATED)  
(Subject to Contract)

June 10, 2016

Markit is leading the environmental markets industry into the future, guiding environmental programme design, and developing tools to facilitate counter-party interaction, market information dissemination and infrastructure integration

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June 10, 2016  
Western Climate Initiative, Inc.  
RFP No. 2015-01  
Greg Tamblyn  
[gtamblyn@wci-inc.org](mailto:gtamblyn@wci-inc.org)

Dear Greg,

Please find enclosed Markit Group Limited's ("Markit") updated response to the request for proposal for auction and reserve sale administrator services. We have updated our response to include Ontario as a priority with an anticipated practice auction in December, 2016, with the first "live" auction in Feb/March 2017 timeframe.

We understand the initial priority for WCI, Inc. is to onboard Ontario into the program. Therefore, we propose onboarding Ontario onto our existing fully-functioning auction platform. This will allow Ontario the ability to leverage and benefit from the existing processes, procedures and guidance of the California and Quebec jurisdictions.

Markit will then commence on the work to redesign the framework of our auction platform (MAP) in order to address and consolidate MAP's current distributed architecture. The redesign will provide enhancements to increase platform scalability, performance and enhance user interface and reports. As part of our redesign efforts, we will develop and include the items defined in the Request for Proposal (RFP) for Auction and Reserve Sale Administrator Services dated March 18, 2015. In addition, we will accommodate the removal of the application component in MAP as this will be handled in CITSS going forward. California, Quebec and Ontario will migrate to the new strategic, consolidated platform in 2017.

We are excited with the opportunity to continue providing services to WCI, Inc. and we feel confident in our ability to deliver all aspects of our proposal.

Yours sincerely,



Markit

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## Summary

Markit is a global leader in environmental market infrastructure design and have advised a number of governments and industry entities on infrastructure requirements to bring confidence, transparency and efficiency to environmental market programmes.

Markit's edge of difference is best represented by the innovative solutions we deliver to create new products, grow new markets, and generate new opportunities for market participants. We encourage regular and active dialogue with our customers, the broader markets and the regulatory community to understand their informational and infrastructural needs. From an infrastructure delivery perspective, we are increasingly working with governments and other institutions on registry, auction and other infrastructure requirements to help build and enhance their environmental market programs.

As your current auction administrator service provider, Markit has a fully-functioning auction platform that has supported ARB, MDDELCC, and WCI, Inc. auctions since 2012 along with the provision of auction operational support processes. We have reflected over the past several years and have drawn upon our experiences and the valuable lessons learned. To that end, we have assembled this proposal with the following objectives in mind:

- Enhancing platform performance
- Increasing operational efficiency
- Streamlining processes
- Scalability and growth
- Safeguarding security

More specifically, Markit's product offering entails:

- Addressing new requirements identified through a gap analysis between the current MAP functionality and the Business and Technical Specifications (RFP APPENDIX B)



The Markit Team is enthusiastic at the prospect of continuing to work as a strategic partner with WCI, Inc. to support the integrity of the marketplace and the long-term success of your environmental program.

## Corporate Experience

Markit has extensive experience in providing auction services and internet-based auction platforms in the environmental space as well as working with the International Swaps and Derivatives Association, Inc. (ISDA) to run their Credit Default Swaps (CDS) auctions. Examples are as follows:

### **Credit Default Swaps (CDS) Auctions:**

The Credit Event Fixings are designed to create a fair, efficient and transparent process for settlement of credit derivative trades following a corporate default. The Fixings were developed by Creditex and Markit in close cooperation with ISDA and major credit derivatives dealers and are an integral part of ISDA's CDS Index protocols.

Creditex and Markit have jointly acted as administrators of the Credit Event Fixings since their inception in June 2005 and have conducted 155+ auctions to date. Please refer to the following link for additional details:

<http://www.creditfixings.com/CreditEventAuctions/fixings.jsp>

### **Pennsylvania Infrastructure Investment Authority (PENNVEST):**

In 2011, Markit won an RFP to build a tailored water quality nutrient credit auction service for the Pennsylvania Infrastructure and Investment Authority (PENNVEST) – the US state of Pennsylvania's infrastructure arm. PENNVEST's goal, in working in conjunction with the Department of Environmental Protection, was to host auctions for the sale and purchase of nutrient credits in the Susquehanna and Potomac watersheds. In working with PENNVEST, Markit designed a customized solution incorporating infrastructure to support their enrolment and eligibility registration for auctions, registry services during the auction period and to host forward and spot auctions on a quarterly basis. This contract ended in December 2015. At which time, PENNVEST published a subsequent RFP for auction administrative and infrastructure services for the nutrient credit trading auctions. Markit participated in the RFP and was selected again as the PENNVEST auction provider.

Since 2011, Markit has hosted 23 nutrient credit auctions. Please refer to the following link for details: <http://www.markit.com/Product/Pennvest>

### **California Air Resources Board (ARB):**

In the environmental infrastructure deployment space, Markit was awarded by the California Air Resources Board (ARB) to provide auction services of California Greenhouse Gas (GHG) Allowances under the California's Cap-and-Trade emissions trading program.

Markit worked closely with ARB staffers, third-party auction contractors, California stakeholders, and legal counsels to confirm that the regulation was translated into technical requirements. Markit subsequently built the Markit Auctions Platform (MAP) to these requirements.



In 2012, Markit provided the first practice auction for the bidding public for familiarization purposes. Since then, on a quarterly basis, Markit has hosted official auctions for California.

Since the start of implementation for the California Air Resources Board (ARB) in February 2012, the governing regulation underwent amendments. The amendments included:

- To accommodate additional refinements to the auction process
- To establish linkage with Quebec to create a regional trading market. Please see below section on Markit's engagement with the Western Climate Initiative, Inc.

**Western Climate Initiative, Inc. (WCI, Inc.):**

In 2013, Markit was awarded the Western Climate Initiative, Incorporated (WCI, Inc.) agreement to design, develop, implement, administer and host their auctions and reserve sales. The inception of WCI, Inc. and the development of linkage meant the ARB and Quebec's governing regulation underwent significant amendments included linkage with Quebec to create a regional trading market. Markit worked with both the jurisdictions and WCI, Inc. to develop detailed requirements to enable to have Quebec only, California only, and linked auction and reserve sale capability. The first Quebec auction was held in November 2013 and the first linked practice auction was conducted in August 2014. The official joint auction was conducted in November 2014. Please refer to Notices section of the MAP home page: <https://www.wci-auction.org/>.

## Personnel

Markit will work side-by-side with the WCI, Inc. and WCI, Inc.-designated third party contractors for financial services and market monitoring parties. During the length of the proposed contract, Markit will be available to meet regularly with WCI, Inc. and the Work Plan Board (as outlined below) to provide status, guidance and direction.

### **Project governance**

Markit's internal governance will be managed and organized in a manner to maintain consistency and high standards throughout the engagement. Please see below Markit's proposed internal governance structure for the Western Climate Initiative, Incorporated proposal.

Descriptions of the above Markit positions are provided below:

**Project proponent** provides leadership and strategic vision for the project and accepts full ownership for the successful implementation of the proposed solution.

**Product Manager** guides the team in developing enduring relationships with our clients throughout the engagement; oversees operations and product enhancements.

**Project Manager** is responsible for overseeing the project objectives and maintains and drives the execution of the project plan.

**Business Analyst** gathers and documents functional and technical requirements.

**Legal** is responsible for working with the management during the contract negotiations and plays an advisory role during the project.

**Product/Operations** provides support ranging from auction set-up, training, customer service, troubleshooting.

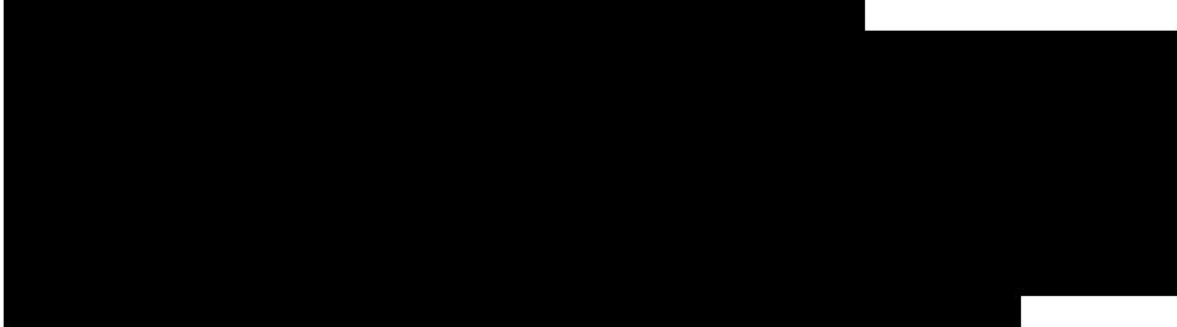

**Technology** encompasses subject matter experts in development, security & business continuity planning, testing and infrastructure.





### Work Plan Project Board

The Work Plan Project Board is comprised of [REDACTED] and [REDACTED]. The Work Plan Project Board reviews and approves all work plans and mobilizes required resources for the project. It provides overall guidance and direction to the project team for the scope of work. It approves any changes to the project (scope, timescales, budget etc.); provides assurance that all products have been delivered satisfactorily; and confirms that acceptance criteria have been met. The Project Board is ultimately responsible for interfacing with WCI, Inc. to keep the project on course.



### Project Manager

Has the authority to run the work plan on a day-to-day basis on behalf of the Work Plan Board. The Project Manager's prime responsibility is to drive the project in order to meet the required milestones within the specified timelines and budget. Specific responsibilities include: planning, scheduling meetings, monitoring and reporting on the work plan, producing technical requirements and documentation for sign-off by the Work Plan Board; managing risk; liaising with work stream managers re: progress; taking responsibility for overall progress and use of resources and initiating corrective action where necessary.

### Work Stream Managers

Work stream managers take direction from the Work Plan Board and will perform their tasks at their allotted phases in the work plan.

## Development - Information Technology and Testing

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] and an MBA both from Columbia University.  
(Andrew has Quebec CITSS access)



## Management Plan

Markit's project management technique is based on the PRINCE2 method and provides Markit with a proven and pre-defined process model for initiating, defining, organizing, estimating, planning, directing, controlling, tracking, monitoring and reporting on its projects. It also provides processes for building business cases, managing risk, managing quality, controlling change, and controlling budgets.



## Technical Proposal

### THE AUCTION PLATFORM

#### Task 1: Develop Final Work Plan and Schedule

As Markit already has a fully functioning platform and is actively providing auction services to WCI, Inc., we have assembled a high level plan as provided below with tentative dates for Tasks 1, 2, 3, 4 and 7. This proposed plan will be reviewed and mutually agreed by Markit and WCI, Inc.

The current Markit Auction Platform (MAP) supports the administration of ARB and WCI, Inc. auctions since 2012 and meets the majority of WCI, Inc. requirements as outlined in the Business and Technical Specifications Appendix B of the RFP. Upon review of the RFP, Markit has identified new requirements and additionally would like to propose enhancements (as described in task 2) to existing auction functionality. By meeting new requirements and implementing enhancements, our goal is to enhance platform performance, improve and streamline processes, promoting scalability and safeguard security.

#### Work plan and approach

Markit's Project Management approach is a proven and pre-defined process model: for initiating, defining, organizing, estimating, planning, directing, controlling, tracking, monitoring and reporting on its projects. It also provides processes for managing risk, managing quality, controlling change, and controlling budgets.

Using a formal project management methodology means that Markit's approach to project management has been built on previous project experience; ensuring that everyone knows what to expect, where, how and when; highlights early warnings of issues; and accommodates change.

Markit currently have a functioning auctions platform that meets most WCI's Business and Technical Specification. The platform has supported ARB, MDDELCC, and WCI, Inc. auctions since 2012. The work plan to carry out tasks and deliverables is assembled taking account of the existence of a fully functional system with underlying operational support processes.

Markit's vision is to enhance the existing platform in order to meet WCI, Inc.'s new requirements, while also being providing an opportunity to improve existing workflow, performance and design.

Design, Development, Documentation and Testing will focus on enhancing the existing platform based on the following:

- new requirements identified through a gap analysis between the current MAP functionality and Business and Technical Specification (RFP APPENDIX B)



- On-boarding of Ontario jurisdiction to support auctions and reserve sales



A work plan will be created and updated on a weekly basis by the project manager to allocate work and assign resources.

**Task 1: Develop Work Plan**

**(See plan on next page below)**

Task #	Task Description	Responsible Party	Start Date	End Date
<b>1</b>	<b>Develop Final Work Plan and Schedule</b>			
	Contract Execution	Markit/WCI Inc.	6/15/2016	6/17/2016
	Confirm whether Ontario Reserve Sale will be setup in MOD	WCI Inc.	6/15/2016	6/15/2016
	Confirm whether Priority 1 Enhancements will be setup in MOD	WCI Inc.	6/15/2016	6/24/2016
	<b>Work stream 1: Adjustments current front-end platform (MOD)</b>			
	Deliver Draft Work Plan and Schedule: Workstream 1	Markit	6/20/2016	6/27/2016
	Provide Feedback on Plan and Schedule: Workstream 1	WCI Inc.	6/27/2016	7/1/2016
	Finalize/Work Plan Approved and Schedule: Workstream 1	Markit	7/5/2016	7/15/2016
	<b>Work stream 2: Development of new front-end platform*</b>			
	Deliver Draft Work Plan and Schedule: Workstream 2	Markit	7/11/2016	7/29/2016
	Provide Feedback on Plan and Schedule: Workstream 2	WCI Inc.	8/1/2016	8/5/2016
	Finalize /Work Plan Approved and Schedule: Workstream 2	Markit/WCI Inc.	8/8/2016	8/19/2016
<b>2&amp;7</b>	<b>Define, Design, and Develop Auction Tools and Services/New Jurisdiction</b>			
	<b>Task 2A: Work stream 1 Adjustments current front-end platform (MOD)</b>			
	<b>New Requirements Delivered:</b> Addition of Ontario Auctions & Reserve Sales and Priority 1 Enhancements to current front-end platform	Markit/WCI Inc./ Ontario	6/20/2016	7/8/2016
	<b>New Requirements Finalization &amp; Sign Off:</b> Addition of Ontario Auctions & Reserve Sales & Priority 1 Enhancements to current front-end platform	Markit/WCI Inc./ Ontario	7/11/2016	7/22/2016
	<b>Design Implementation:</b> Addition of Ontario Auctions & Reserve Sales & Priority 1 Enhancements to current front-end platform	Markit	8/1/2016	9/9/2016
	<b>Work stream 2: Development of new front-end platform*</b>			
	<b>New Requirements Delivery:</b> New front-end platform including Priority 1, 2, and 3 enhancements*	Markit	8/8/2016	9/2/2016
	<b>New Requirements Finalization &amp; Sign off:</b> New front-end platform including Priority 1, 2, and 3 enhancements*	WCI, Inc.	9/5/2016	9/23/2016
	<b>Design Implementation:</b> New front-end platform including Priority 1, 2, and 3 enhancements*	Markit	9/26/2016	1/27/2017
	<i>* This represents a high-level plan; more detailed plan to follow in final Work Plan and Schedule</i>			
<b>3</b>	<b>Testing and Troubleshooting</b>			
	<b>Work stream 1: Adjustments current front-end platform (MOD)</b>			
	QA testing - Auctions & Reserve Sale & Priority 1 Enhancements	Markit	8/29/2016	9/9/2016
	WCI Unit testing/feedback - Auctions & Reserve Sale & Priority 1 Enhancements	WCI Inc.	9/6/2016	9/20/2016
	Incorporate testing & feedback changes for all changes to MOD	Markit	9/21/2016	9/28/2016
	QA Functionality/Regression testing	Markit	9/29/2016	10/10/2016
	WCI UAT	Markit	10/10/2016	10/21/2016
	Incorporation of UAT Findings	Markit	10/24/2016	10/28/2016
	QA regression re-testing	Markit	10/31/2016	11/7/2016
	WCI UAT: re-check adjustments	WCI Inc.	11/8/2016	11/21/2016
	WCI UAT Sign Off	WCI Inc.	11/21/2016	12/2/2016
	Production Release	Markit	12/10/2016	12/10/2016
	<b>Work stream 2: Development of new front-end platform*</b>			
	QA testing & Unit Testing & Client Feedback	Markit/WCI Inc.	10/17/2016	1/27/2017
	Incorporation of Client Feedback	Markit	1/30/2017	2/10/2017
	UAT Testing	WCI Inc.	2/13/2017	3/10/2017
	UAT Findings Fix & QA/Regression Testing	Markit	3/13/2017	3/31/2017
	UAT Testing	WCI Inc.	4/3/2017	4/21/2017
	WCI Sign Off & UAT Acceptance	WCI Inc.	4/24/2017	5/5/2017
	Production Release	Markit	6/10/2017	6/10/2017
	<i>*This represents a high-level plan; this plan will be broken down into sprints once we have agreed, finalized and prioritized all components for the development of the new front-end platform.</i>			
<b>4</b>	<b>Develop Processes and Procedures for Auction and Reserve Sale Services</b>			
	Prepare updated Documentation (for processes and procedures)	Markit	4/3/2017	4/21/2017
	Revised Processes/Procedures Documents incorporating comments	WCI Inc.	4/24/2017	5/5/2017
	Updated Processes/Procedures Documents (as required)	Markit	5/8/2017	5/19/2017
<b>6</b>	<b>Prepare a Security System Plan</b>			
	Update Security Plan	Markit	8/1/2016	8/26/2016
	Feedback and comments	WCI Inc.	8/29/2016	9/9/2016
	Updated Security Plan (as required)	Markit	9/12/2016	9/23/2016

**Task 2: Design, Develop, and Document**

Deliverables suggested in the RFP for Task 2 are adjusted to take account of the existing Markit Auction Platform (MAP).

- A. Auction Platform Design and Development
  - 1. Markit will submit Design Plans and Specification Documentation
    - a. APPENDIX B: BUSINESS AND TECHNICAL SPECIFICATIONS
    - b. WCI, Inc. Development Spreadsheet
    - c. Architectural redesign and Markit suggested enhancement
  - 2. Markit and WCI, Inc. review WCI, Inc. comments to Draft Design Plans
  - 3. Markit submits to WCI Final Design Plans
  - 4. Revised Final Design Plans
  - 5. Master Release Plan to implement the following:
    - a. APPENDIX B: BUSINESS AND TECHNICAL SPECIFICATIONS
    - b. WCI Development Spreadsheet
    - c. Architectural redesign and Markit suggested enhancement
  - 6. Feature Development Progress Reports
- B. Hosting Services: Markit will provide the environments as described in the RFP. These include the following;
  - 1. UAT environment
  - 2. Pre-Production Environment
  - 3. Production Environment

**Task 3 –Testing and Troubleshooting**

Deliverables suggested in the RFP for task 3 are not applicable as MAP is already functional and UAT testing is planned and conducted by WCI, Inc.

- A. Testing
  - 1. Markit Testing and Regression updates
  - 2. Markit Quality Assurance regression Sign off
  - 3. WCI, Inc. conducts Round 1 UAT and provides preliminary feedback to Markit
  - 4. Markit addresses Round 1 UAT preliminary findings (if any)
  - 5. Markit Testing and Regression updates
  - 6. Markit Quality Assurance regression Sign off
  - 7. WCI, Inc. conducts Round 2 UAT
- B. Troubleshooting
  - 1. Markit provides pre-production environment user access
  - 2. Markit updates troubleshooting procedure documentation
  - 3. As needed
    - a. Draft Memo Describing Initial Troubleshooting documenting each set of troubleshooting activities
    - b. Final Memo on Troubleshooting Results and Resolution of Issues following each set of troubleshooting activities
  - 4. WCI, Inc. reviews and provides comments on troubleshooting procedure documentation

5. Final Troubleshooting procedure documentation

**Task 4 – Develop Processes and Procedures for Auction and Reserve Sale Services**

1. Markit updates Processes/Procedures Documentation
2. Revised Processes/Procedures Documents incorporating comments
3. Updated Processes/Procedures Documents (as required)

**Task 5 – Auction and Reserve Sale Set Up, Operations, and Reports**

Deliverables suggested in the RFP for task 5 are not applicable as MAP is already functional.

- A. Set-Up and Conduct Operations
  1. Platform is ready to conduct auctions and reserve sales following the Anticipated Annual Schedule
- B. Support Services
  1. Markit submits to WCI, Inc. Draft Support Procedures Manual
  2. Revised Support Procedures Manual
- A. Reporting
  1. Auction Services Support Summary, at least bi-weekly during an event (process currently in place)
  2. Participants and Administrative User Reports, as needed during an event (available in MAP)
  3. Auctions Operation Report (one day after the auction bidding takes place)

**Task 6 – Prepare a System Security Plan**

- A. Markit already has a System Security Plan
- B. Update System Security Plan (as needed)

**Task 7 – New Jurisdictions (as needed)**

- A. Draft Plan to Add New Jurisdiction
- B. Final Plan to Add New Jurisdiction

**Task 8 – Transition Out**

- A. Draft Transition Plan (as requested by WCI, Inc.)
- B. Final Transition Plan
- C. Copies of All Materials
- D. Data Necessary to Support the Transition

**Task 9 – Other Activities as Directed**

**THE AUCTION PLATFORM****Task 2: Design, Develop and Document Auction Tools and Services****Task 2A**

The current Markit Auction Platform (MAP) supports the administration of ARB and WCI, Inc. auctions since 2012 and meets the majority of WCI, Inc. requirements as outlined in the Business and Technical Specifications Appendix B of the RFP. Upon review of the RFP Markit, has identified new requirements and additionally would like to propose enhancements (as described in task 2) to existing auction functionality. By meeting new requirements and implementing enhancements, our goal is to enhance platform performance, improve and streamline processes, promoting scalability and safeguard security.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

As the priority is to on-board Ontario with the goal of conducting a practice auction in [REDACTED] in our production environment, we propose an interim step to on-board Ontario onto our existing fully-functioning auction platform. This will allow Ontario the ability to leverage and benefit from the existing processes, procedures and guidance of the California and Quebec jurisdictions.


As part of our redesign efforts, we will develop and include several enhancements that have been identified by WCI, Inc. on the new "consolidated" strategic platform. In addition, we will accommodate the removal of the application component in MAP as this will be handled in CITSS going forward. California, Quebec and Ontario will migrate to the new consolidated platform [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## English Public Home Page


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## Welcome to the GHG Allowance Auction & Reserve Sale Platform

Platform User Login
Username 
Password 
[Forgot your password?](#)
☒ Remember Me

The next Quarterly Auction will be held on May 21, 2015

27:16:53
DAYS HOURS MINS

Announced Reserve Price **\$12.10 USD** **\$12.08 CAD**

Auction Reserve Price Determination Explanation

### Auctions and Reserve Sale Descriptions

This page is the entry point for information and access to the Auction and Reserve Sale Platform. The greenhouse gas (GHG) allowance auctions and sales of allowances from the Allowance Price Containment Reserve (Reserve Sales) are the mechanisms utilized to sell allowances within the California Cap-and-Trade Program.

The clearing price and the total number of allowances purchased will be disclosed publicly after the auction or reserve sale on ARB and WCI, Inc. websites. The disclosure of auction and reserve sale results allows for market transparency and price discovery.

### Auctions Calendar

Application Auction Webinar Results

Q2 2015
Week Quarter

Apr 2015							May 2015							Jun 2015						
MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN
		1	2	3	4	5				1	2	3	1	2	3	4	5	6	7	
6	7	8	9	10	11	12	4	5	6	7	8	9	8	9	10	11	12	13	14	
13	14	15	16	17	18	19	11	12	13	14	15	16	15	16	17	18	19	20	21	
20	21	22	23	24	25	26	18	19	20	21	22	23	22	23	24	25	26	27	28	
27	28	29	30				25	26	27	28	29	30	29	30						

The dates and times in the calendar are subject to change

### AUCTION HIGHLIGHTS

#### NOTICES

[VIEW ALL](#)

- MAY 2015 JOINT AUCTION #3 NOTICE MARCH 20, 2015
- MAY 2015 JOINT AUCTION #3 NOTICE ATTACHMENT A MARCH 20, 2015
- MAY 2015 JOINT AUCTION #3 NOTICE ATTACHMENT B MARCH 20, 2015

#### RELEASES

[VIEW ALL](#)

- FEBRUARY 2015 JOINT AUCTION #2 SUMMARY RESULTS REPORT UPDATE

#### UPDATES


[VIEW ALL](#)


### AUCTION RESOURCES

- [AUCTION GUIDE](#)
- [FAQS](#)
- [PRESENTATIONS](#)

The Auction and Reserve Sale Platform is for use by authorized users. Use is monitored and may be restricted at any time. Confidential information may not be accessed or used without authorization. Unauthorized or improper use of this system may result in administrative, civil, or criminal penalties. Use of this system, authorized or unauthorized, constitutes consent to monitoring and information retrieval. By accessing this system you are acknowledging and consenting to these terms and conditions. Leave this site immediately if you are not an authorized user or do not agree to the conditions in this notice.

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Western Climate Initiative, Inc. (WCI, Inc.) is a non-profit corporation formed to provide administrative and technical services to support the implementation of state and provincial greenhouse gas emissions trading programs.



## French Public Home Page (French)


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## Bienvenue à la plateforme de vente aux enchères et de vente de gré à gré du Ministre d'unités d'émission de GES

Ouvverture de session de l'utilisateur de la plateforme
  
Nom d'utilisateur
  
Mot de passe
  
[Mot de passe oublié?](#)
  
☐ Mémoriser mes informations
  
[Ouvrir une session](#)

La prochaine vente aux enchères aura lieu le 21 mai 2015

27:16:48

JOURS HEURES MINUTES

Prix de vente minimum annoncé **\$12.10 USD** **\$12.08 CAD**
  
[Explication sur l'établissement du prix de vente minimum de la vente aux enchères](#)

### Descriptions des ventes aux enchères et des ventes de gré à gré du Ministre

Cette page est le point d'entrée permettant d'accéder à la plateforme de vente aux enchères et de vente de gré à gré du Ministre et d'obtenir de l'information à ce sujet. Les ventes aux enchères et les ventes de gré à gré du Ministre sont les mécanismes utilisés par le MDDEFP pour vendre des unités d'émission dans le cadre du système de plafonnement et d'échange de droits d'émission de gaz à effet de serre (SPEDE).

De façon à assurer la transparence du marché, le prix de vente final et le nombre total d'unités d'émission ayant été achetées seront publiés après la vente aux enchères ou la vente de gré à gré du Ministre.

### Calendrier des ventes aux enchères

Demande d'inscription
Vente aux enchères
Webinaire
Résultats

T2 2015
Semaine
Trimestre

avr. 2015							mai 2015							juin 2015						
LUN	MAR	MER	JEU	VEN	SAM	DIM	LUN	MAR	MER	JEU	VEN	SAM	DIM	LUN	MAR	MER	JEU	VEN	SAM	DIM
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1
2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8
26	27	28	29	30																

Les dates et les heures sont indiquées au calendrier sous réserve de modification

#### FAITS SAILLANTS DE LA VENTE AUX ENCHÈRES

**AVIS** [Afficher tout](#)

- AVIS DE VENTE AUX ENCHÈRES CONJOINTE NO 3 DE MAI 2015 (20 MARS 2015)**
- ANNEXE A VENTE AUX ENCHÈRES CONJOINTE NO 3 DE MAI 2015 (20 MARS 2015)**
- ANNEXE B VENTE AUX ENCHÈRES CONJOINTE NO 3 DE MAI 2015 (20 MARS 2015)**

**PUBLICATIONS** [Afficher tout](#)

- RÉSULTATS DE LA VENTE AUX ENCHÈRES D'UNITÉS D'ÉMISSION DE GAZ À EFFET DE SÈRE CONJOINTE NO 2 DE FÉVRIER 2015**
- MISE À JOUR**

**MISES À JOUR** [Afficher tout](#)

#### RESOURCES DES VENTES AUX ENCHÈRES

- [GUIDE DES VENTES AUX ENCHÈRES](#)
- [FAQ](#)
- [PRÉSENTATIONS](#)

La plateforme de vente aux enchères et de vente de gré à gré du Ministre est destinée aux utilisateurs autorisés. L'utilisation de cette plateforme est surveillée et peut être limitée à tout moment. Les informations confidentielles ne peuvent être visualisées ou utilisées sans autorisation. L'utilisation non autorisée ou abusive de ce système peut entraîner des sanctions administratives, civiles ou pénales. L'utilisation de ce système, autorisé ou non, constitue un consentement à la surveillance et la recherche d'informations. En accédant à ce système, vous reconnaissez et consentez à ces termes et conditions. Quitter ce site immédiatement si vous n'êtes pas un utilisateur autorisé ou n'acceptez pas les conditions du présent avis.

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markit built



Western Climate Initiative, inc. (WCI, inc.) est un organisme sans but lucratif dont l'objectif consiste à fournir des services administratifs et techniques afin de faciliter la mise en œuvre des programmes de plafonnement et d'échange de droits d'émission de gaz à effet de serre des États et des provinces participants.

**New Requirements**

Following the review of the Business and Technical Specifications in Appendix B, we have identified several new requirements. We will provide some commentary and our recommendations to demonstrate understanding of the requirement on some of the major items.

Markit will provide for WCI, Inc.'s review a detailed design and technical specification document of all new requirements with proposed design and implementation.

Chapter 1: Administrative Specifications

[REDACTED]

[REDACTED]

- I [REDACTED]

- I [REDACTED]

- I [REDACTED]

- I [REDACTED]

- I [REDACTED]

- I [REDACTED]

[REDACTED]

- I [REDACTED]

- I [REDACTED]

- I [REDACTED]

- 
- A series of horizontal black bars of varying lengths, some preceded by a vertical bar, representing redacted text.

The sections User Account Status and User Types, Entity Accounts, and Participant User Account Establishment and Management relate user management and permissions in MAP. The user management currently in place in MAP covers the functionality required except for the items highlighted below. Some enhancements to the current functionality are needed to incorporate the requirements in this RFP. Additionally, the experience Markit gained throughout the duration of the current contract has allowed us to identify some additional enhancements that will be included in the initial design document for WCI, Inc.'s review.

1. [REDACTED]
2. [REDACTED]

MAP functionality and the current operational process cover the requirements described in the sections Entity Auction and Reserve Sale Eligibility, Administrative User Account Establishment and Management, and Auction and Reserve Sale Set Up.

## Chapter 2: Internet-Based Tools Specifications

The current Markit Auctions platform has been designed to meet WCI, Inc.'s requirements as they relate to functionality and to language. The bilingual internet tool meets all requirements described in chapter 2 to support auction services. The below mentioned

changes would require some development work to be incorporated on the new platform and will be detailed in the preliminary design document.

- Inclusion of the bid guarantee currency and amount and bidding limitations in participant bidding interface
- Removal (cancellation) of all bids submitted in same transaction (bid upload)
- Allowing the Monitoring Interface to be available one hour prior to the opening of a bidding period

### Chapter 3: Auction and Reserve Sale Reports

The reporting functionality currently in MAP meets WCI, Inc. requirements, except the User Activity Audit log. Additionally some existing reports need editing to enhance user experience and completely comply with WCI requirements. Markit recognizes the importance of having real-time access to audit data for review and reference purposes. For example the Markit Environment Registry Product currently maintains an audit activity log of all actions taken by a user within the system; this tested technology can be leveraged and adapted to capture the appropriate information from MAP. These specifications will be detailed in the initial design document.

#### Reports currently available in MAP

- Administrative User Reports
  - Organization Report
  - Participant Report
  - Auction Application Report
  - Bids Audit Report
  - Bids Report
  - Financial Settlement Report
  - Auction or Reserve Sale Summary Report
  - Allowance Delivery Report
  - Results Report
  - Consignment Sources Report
- Participant User Reports: The reports listed below are available to participants. Minor refinements/amendments to these reports can be made based on the requirements defined in RFP Appendix B. (Note: Some of the amendments previously suggested by the jurisdictions pertaining to these reports are captured in the Development Spreadsheet which can also be evaluated accordingly).
  - Organization Results Report
  - Financial Statement Report
  - Bid Upload Template
  - Financial Services Delivery Instructions

### Chapter 4: Internet-Based Tools Availability and Response Time

Current MAP functionality meets the minimal requirements detailed in this chapter. Markit encourages discontinuing support of older internet browser version as they are not embedded with the latest security updates. Additionally, Markit will enhance the platform

performance during bidding window by implementing pagination. Pagination is the process of dividing content into discrete pages which will optimize display of bid data on the MAP monitoring pages hence eliminating refresh delays caused by browser rendering issues. This will enhance platform's user experience.

#### Chapter 5: Access to CITSS Data

Markit currently meets the requirements related to access CITSS data. Markit suggests exploring a more streamlined and automated method of populating data into MAP from CITSS. This will allow for a more robust and timely update of information to accommodate program growth. It is our understanding that a feed between CITSS and MAP may not be feasible at this time and may be explored at a later date. It has also been recently called to our attention that development work is underway to accommodate the application component in CITSS and therefore will no longer be needed in the auction platform. As part of our MAP redesign initiative for the new consolidated auction platform, we will remove the application functionality as this will be handled in and supported in CITSS. Included in removal of the application functionality in MAP is also the removal of the applicant approval process. The impact on reports and screens will also be taken in account as part of our development work.

As a result of the application removal from the auction platform, MAP will obtain a file from CITSS with the relevant applicant information. This file will be uploaded to MAP in advance of the auction event. Markit will work with the jurisdictions to obtain detailed requirements.

## Task 2B — Hosting

Included in the MAP redesign of the new strategic platform, Markit will provide all necessary hosting services to support the auction platform. The following environments will be available:

- **Production:** environment used to store actual Production code and data. This is the primary environment used to support the set-up, conducting of operations, and reporting for auctions and reserve sales
- **Pre-Production (new):** Markit will establish a new pre-production environment which will mirror the Production code but does not contain any data specific to actual users or entities participating in auctions or reserve sales.
- **UAT:** environment used strictly for UAT to allow WCI, Inc. staff, jurisdiction staff, and personnel from other WCI, Inc. contractors supporting auction and reserve sales to test and confirm that design and Business and Technical Specifications are being met during
- **Quality Assurance (QA):** environment used by Markit Quality Assurance to test the internet-based tools and related services developed by development teams
- **Development:** environment used by Markit technical teams to implement and unit test features

### Markit's Experience in Hosting:

[REDACTED] Our state of the art infrastructure provides highly resilient and secure platform for the hosted applications and our technology platform is built to handle the heaviest market traffic. Due to our experience in the field and our established solution platform, Markit continues to outperform trends in the increase in volume of data and users. Through optimal systems, efficient procedures, and a 24x7 technical support staff, we support clients and their users all over the world.

### Throughput

Our system handles approximately 2.3 billion dynamic page views per week. In any given day, approximately 2.5 million unique users log into our systems. Skilled in capacity planning, we can handle the heaviest market traffic in any one of our data centers.

### Performance & Scalability

We employ horizontally scalable architecture in our applications that allows us to quickly react to changing conditions. Our architecture allows for the addition of new capacity on a per-subsystem basis. With the flexibility to accommodate the addition of new web servers on a moment's notice, plus a standing inventory of spare servers, we can quickly implement the hardware required to manage volume.

### Failover

Since the sites we build are hosted in multiple data centers, we can accomplish failover by [REDACTED] which allows the user to see the same URL regardless of which location serves the data.



## THE AUCTION PLATFORM

### Task 3: Testing and Troubleshooting

The current Markit Auctions Platform (MAP) has supported WCI, Inc.'s auctions since 2012. Any new development work required is tested to fit agreed upon design and requirements following Markit's Quality Assurance best practices, including but not limited to Unit Testing, Integration Testing, Functional Testing, and Quality Assurance Testing. Markit will facilitate User Acceptance Testing for each release cycle, and support WCI, Inc. staff throughout the process.

Vulnerability Assessments and Penetration Testing are conducted on a routine basis and are part of Markit's standard Security Procedures.

Markit's Quality Assurance (QA) group supports the high quality of our products by independently verifying that solutions are fit for purpose, software functionality conforms to business requirements, and that systems provide a reliable performance and user experience.

The group utilises industry leading toolsets including [REDACTED] to provide auditable, repeatable test assets that provide thorough quality and risk assessments to inform release management decisions.

Defects identified during the testing stage are recorded in an industry standard defect tracking solution and controlled through a robust defect management workflow.

Where suitable, tests are automated to support future maintenance of the system to prevent potential regression issues, improve time to market and allow for greater system coverage.

The systems are also validated for reliability, scalability and resilience under expected and future user concurrency and load scenario's using [REDACTED]. Load is generated from multiple geographic locations to represent load patterns. The application is monitored during the execution of tests to validate response rates, identify bottle necks and monitor the underlying performance of the servers under test. Infrastructure failover components are tested to mitigate the risk of single points of failure.

Information is collected and analysed at various stages of the software development lifecycle to provide intelligent MIS to facilitate continual improvement of the development process, first time right delivery and the overall speed of software delivery.

Markit utilises standard, proven software development methodology so that appropriate quality gates are applied throughout the design, development and testing phases.

The QA group documents test cases against the business requirements which are stored in the firm's central test asset repository [REDACTED]. Tests are reviewed by the Business Analysis and Development teams and a senior member of the Global Quality Assurance Management team so that appropriate coverage for both positive and negative test scenarios. All tests are executed with results stored in the test asset tool including the name of the tester, execution date & time and an audit history of the results of the test. Any defects identified during the testing phase are logged in the defect management tracking tool and managed through a rigorously enforced defect workflow.



Test progress and product quality are regularly reviewed using the firm's standardized Test Status reporting process leading to a Go-No Go decision involving product, development and Quality Assurance.

### **1. Testing User Roles**

Markit will provide to WCI, Inc. as needed, test accounts representing all user roles in the testing environment to facilitate the jurisdictions' testing of auction functionality.

### **2. Process for Resolving Issues Found in UAT**

Any issues and findings discovered in UAT that are inconsistent with the approved Business and Technical Specifications, and/or jurisdictions' regulatory requirements shall be processed following the methodology suggested by WCI, Inc. on page 40 of the RFP.

Issue severity level determination will be based on discussion and mutual agreement between WCI, the jurisdictions, and Markit.

- Findings labelled as Critical will be resolved prior to the continuation of the UAT cycle
- Findings labelled as High will be resolved prior to consideration of UAT being promoted to Production.
- Findings labelled as Medium or Low will be resolved as per the mutual agreement following the discussions between WCI, Inc., the jurisdictions, and Markit

### **Subtask 3B. Troubleshooting**

To allow adequate ability to diagnose and investigate any issues reported by stakeholders Markit will provide authorized jurisdiction staff access to the pre-Production environment. This environment will mirror the code and configuration of the production environment. This access will be limited to troubleshooting activities only, and will not provide access at any level to any Jurisdiction or Participant User data.

### **Process for Resolving Issues Found in Auction Services Production Environment**

Markit maintains 24x7 Network Operations Centres (NOC) to monitor all systems, services, and applications under Markit management. Tools are in place to record, track and report on incidents. Infrastructure events and metrics are recorded for alerting and trending purposes. Markit global technical teams involved in our IT Operations management function include [REDACTED] teams, database administration, network operations, storage and backup.

Markit's global infrastructure support teams will have access to the pre-production environments (no access to production data). These include teams of Data Base and System Administrators, and Network Operations personnel based in Europe, North America and Asia. Markit will leverage its global data centre monitoring capability which, in conjunction with local monitoring agents, will allow Markit to monitor the Solution end-to-end in the same way as Markit monitors its own world class, customer-facing, internally-hosted systems.

Any issues or findings related to auction services reported to Markit, WCI, Inc., or jurisdiction staff will be tracked, prioritized and resolved following the agreed upon troubleshooting and communication plan according to the severity provided below.

Severity Level	Initial Time Response	Status Updates	Targeted Resolution Time
Severity 1	<u>Business hours:</u> One (1) hour  <u>Non-business hours:</u> Beginning of next business day and then following business hour guidelines	<u>Business hours:</u> Every two (2) hours  <u>Non-business hours:</u> Beginning of next business day and then following business hour guidelines	Within three (3) calendar days of initial response if during open auction or reserve sale. Time may be reduced if the defect is identified within three (3) business days of a scheduled auction or reserve sale.
Severity 2	<u>Business hours:</u> Four (4) hours  <u>Non-business hours:</u> Beginning of next business day	<u>Business hours:</u> Once a day in the morning  <u>Non-business hours:</u> Beginning of next business day	Within five (5) calendar days of initial response if during open auction or reserve sale. Time may be reduced if the defect is identified within three (3) business days of a scheduled auction or reserve sale.
Severity 3	One (1) business day	As communicated in the initial response	As agreed upon by the Auction Technical Work Group.
Severity 4	One (1) business day	As communicated in the initial response	As agreed upon by the Auction Technical Work Group.

**THE AUCTION PLATFORM****Task 4: Develop Processes and Procedures for Auction Services and Reserve Sales Services**

Markit will provide a complete set of operational procedures to support efficient operation of the internet-based tools and related services. The procedures will include process flow diagrams with swim lanes that identify each of the roles in the process (e.g. Jurisdictions, Financial Services Administrator, Market Monitor Contractor, Markit Operations) so that all parties clearly understand when and how their tasks fit into the overall auction procedures. They will also include step-by-step written documentation with sufficient detail to enable existing or new staff to execute each process successfully. The procedures will provide complete support of an Auction or Reserve Sale lifecycle including:

- Setting up user accounts for all user roles in the auction platform
- All User Account Management processes for login security, password resets, event provisioning, and user deactivation
- Setting up a new Auction or Reserve Sale
- Facilitation of the event lifecycle such as opening the bidding window of an Auction or Reserve Sale
- Notifications that would take place in advance of or during all planned and unplanned system outages
- Procedures to manage a State of Emergency (e.g., power outage or natural disaster creating barrier to bidding or monitoring).

Markit will expand existing operational procedures to incorporate any changes to the process resulting from changes to MAP functionality.

All procedures are updated when requirements change, when a deficiency is identified, or when one of the parties identify a process improvement. The initial procedures, as well as all updates will be reviewed by all parties, revisions will be incorporated and the updated document will be circulated for final approval. The document will include version control as well as individuals who reviewed and signed-off.

Please refer to the Task 1 Work Plan for scheduled milestones for draft procedures, revisions and the updated and approved documentation.

**THE AUCTION PLATFORM****Task 5: Auction and Reserve Sale Set Up, Operations and Reports****Subtask 5A. Set-Up and Conduct Operations**

The current MAP platform is a fully-functioning platform that can support individual auctions, reserve sales and joint auctions. As part of our redesign efforts, our new strategic consolidated platform will also be able to support individual auctions, reserve sales and joint auctions. All jurisdictions will migrate to the new platform in [REDACTED]

**Subtask 5B. Support Services**

Markit will comply with the requirements as they relate to Support Services and Language Qualifications.

Markit will comply with the requirements below:

1. In order for all Entities to participate successfully in auction and reserve sale events, Markit will provide a demonstration process for all users to become familiar with the Auction Services. Markit, WCI, Inc., and Partner Jurisdictions will collaborate to determine the most effective process for demonstration, for example, a practice auction or an environment accessible to users to demonstrate the auction application (e.g., a sandbox environment).
  - a. It should be noted that Markit has successfully conducted three practice auctions during the term of the contract with ARB and WCI, Inc. Current MAP users are assumed to be familiar with the platform. Markit will accommodate any WCI requests regarding the demonstration and/or practice auctions to new users or new jurisdictions.
2. Markit will provide live telephone support and respond to inquiries via email. Markit will only provide information on the use of the internet-based tools. All other inquiries (e.g., related to reporting requirements, financial settlement, etc.) will be directed to the appropriate jurisdiction staff.
3. Markit support services staff will be available nine (9) hours per day, Monday-Friday, excluding holidays that are recognized by both the U.S. and Canada. The hours of operation will be during normal business hours (7:00 a.m. to 4:00 p.m., Pacific Time, Monday through Friday). These hours of operation may be adjusted based on support services demand from users and other operational considerations, by mutual agreement between Markit and WCI, Inc. Markit will provide staffing as needed to respond to any written or phone inquiries in the timeframes outlined below.
4. Responses to inquiries will be provided in the time frames provided below:
  - a. During an open bidding period: within thirty (30) minutes of receiving an inquiry and prior to the close of the auction or reserve sale bidding period.
  - b. During the last four (4) day period prior to the opening of the bidding window and on the day of certification of an auction or reserve sale: within two (2) hours of receipt of the message if received during normal business hours, or no later than

one (1) hour after the start of the next business day if received after normal business hours.

c. At any other time: within one (1) business day.

5. If a question is submitted related to inaccessibility of the internet-based tools, unauthorized access, or any other security concern, Markit will notify WCI, Inc. and jurisdiction staff of the situation based on the process for resolving issues found in the Auction Services Production environment (Troubleshooting and Communication plan in Task 3).

Reasonable accommodations will be made to provide disabled accessibility to support services as mutually agreed between WCI, Inc., the jurisdictions and Markit.

Markit will work with WCI, Inc. and jurisdiction staff to update the existing documentation of procedures and activities related to support services. Currently Markit follows the procedures and support documentation as created and maintained by the jurisdictions.

### **Subtask 5C. Reporting**

The current MAP provides Participant and Administrative User Reports that present related data and information in a formal, clear, and accurate manner. Additional enhancements will be made to meet WCI, Inc.'s requirements as detailed in Task2.

Participant User Reports currently available in MAP

- Bids Audit Report
- Organization Results Report
- Financial Statement Report
- Bid Upload Template
- Financial Services Delivery Instructions

Administrative User Reports currently available in MAP

- Organization Report
- Participant Report
- Auction Application Report
- Bids Audit Report
- Bids Report
- Financial Settlement Report
- Auction or Reserve Sale Summary Report
- Allowance Delivery Report
- Results Report
- Consignment Sources Report



**THE AUCTION PLATFORM****Task 6: Prepare a Security Plan**

Markit understands that our clients expect our products to maintain consistent high standards of security and business continuity. For this reason Markit considers software security and business continuity as a key element of our product and service offerings. In order to address our clients' security concerns, Markit has developed an approach that focuses on our main assets: people and software. Guided by our principles of innovation and transparency, we have fused these to create a unique industry program offering our clients greater levels of comfort and assurance.

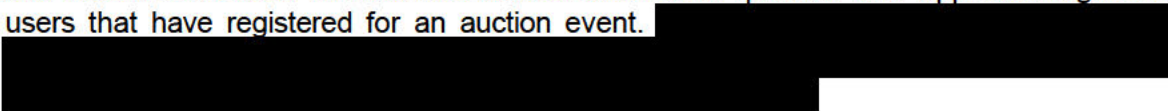
Our software security program is a company-wide initiative guided by a risk management framework developed in collaboration with our security team, senior development management and industry leaders in secure coding. The program's aims are to detect, assess and address security issues before they enter production environments. Our commitment is to embed the use of secure coding and source code reviewing into the development cycle.

Markit has a holistic approach to software security incorporating into our 'built' software. We understand that software testing and reviews provide the most important confirmation of good quality, secure applications. To achieve this, we have developed several initiatives to embed security validation within Markit which include the following:



Our experienced security team works with our auction platform to improve overall security. We advocate a collaborative approach to security testing and reviewing, extending our investment in people and software. Guided by a risk management framework, our independent security team provides development and product management with transparency of security posture by auditing the quality of critical applications. This approach embeds our investment in code analysis whilst maintaining independent assessment and assurance.

As part of the MAP platform, Markit maintains a secure but flexible entitlement framework around the management of the auction and reserve sale process, which in turn allows only approved auction and reserve sale participants to receive confidential data. Access to auction and reserve sale data via web interface is restricted to qualified and approved registered users that have registered for an auction event.





**Data classification**

All information generated by Markit in written, verbal, electronic or any other form is classified according to its level of confidentiality. These classification levels are:



The above classification model is applied using the following classification determination process:

**Information Security Assessments and Testing**

Markit has leveraged a number of commercial standards and best practices such as



[illegible]

automated tools.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



### **Electronic auditing**

#### **System/network auditing**

For operating system and network auditing, Markit employs both commercial event monitoring and on-system activity monitoring solutions. This further provides granular reporting on system usage and access control and allows configuring of alerting rules to report access anomalies. The above solution covers all aspects of auditing, including user and administrative access, which further includes data loss prevention (DLP) module to report on:

- File Access
- Folder Access
- Date/Time stamp
- Username
- Hostname

#### **Application auditing**

Comprehensive application auditing has been implemented as part of the initial auction platform design requirements and threat modelling process for the auction platform developed internally. In order to achieve this, Markit has made use of in-house developed libraries and commercial API's where applicable to securely monitor user activity and maintain an active audit trail.



1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]

7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1 [REDACTED]

[REDACTED]



**Disaster Recovery and Business Continuity Management Program**

Markit's overriding policy and principles focuses on preventing or minimising interruption of services to its customers. Business principles confirm that key assets, such as premises, systems, documents and services are available, resilient and, in a worst-case scenario, can be recovered and resumed within acceptable timescales following an incident which impacts on business operations.

The CEO and Markit Leadership Team have ultimate responsibility for Business Continuity and this is regularly reviewed at executive meetings.

Markit's approach warrants that its operational infrastructure and staffing create no potential for single points of failure and that arrangements are consistent with the explicit and implicit Service Level Agreements (SLAs) that are in place for each product and service.

**BCP Organisation and Structure**

The Business Continuity Management policy and strategy is directed by a Steering Group comprising the Global Heads of Group Technology Services, Business Continuity, Information Security and HR, plus Chief Risk Officer and the Heads of each Business division – Information Division, Processing Division and Solutions Division. This group reports to Markit's Leadership Team.

The Steering Group defines and monitors the application of a clear and consistent risk-based approach to Business Continuity planning. Its objective is to ensure the effective invocation of contingency plans should the Company or any of its products, services or offices suffer a business-affecting incident.

The Steering Group uses the Business Continuity Institute's 'Good Practice Guide' and ISO22301 standard as the foundation for defining the Company's approach to business continuity planning. The following describes elements of Markit's approach:

Each product or service is responsible for conducting a Business Impact Assessment (BIA) to consider systems, production environments, processes, premises and people. The BIA is used to assess whether an appropriate level of redundancy, resilience and recoverability has been incorporated to satisfy customer (external or internal) requirements and expectations. This information is used to define Maximum Acceptable Outages, Recovery Time Objectives, Recovery Point Objectives and Minimum Acceptable Service Levels for each product and service delivered to external and internal customers.

The BIA and objectives are reviewed by the Business Continuity Steering Group to ensure that they comply with the Company's broader plan. Each product or service manager, usually a Managing Director, is responsible for the creation, execution and maintenance of a Business Continuity Plan that addresses redundancy and resiliency.

These plans:

- Contain the steps required to maintain service operation in the event of a variety of service affecting incidents.
- Define the appropriate roles and responsibilities during an event and during service recovery.
- Include a creditable test strategy and associated timelines.
- Are approved by the BCP Steering Group in order to maintain they are consistent, comprehensive, detailed and appropriate.
- It is Markit's policy to have a Business Continuity Plan in place for each Markit product and service.
- Each of these plans is tied into an over-arching Crisis Management Plan and an Office Business Continuity Plan for each location in which Markit operates.

### **Systems and Infrastructure Blueprint**

Markit's customer-facing systems are structured so that operating effectiveness is maintained in the event of the loss of, or disruption to, a Markit office or data center. Markit policy is to design resiliency, business continuity and redundancy into all products and services.

It is Markit's Policy for Disaster Recovery to be tested as part of each product's development cycle and products regularly plan and test failover and fallback scenarios. Products take advantage of Markit's geographically disparate data centers in USA, UK and Europe.

Core systems including e-mail and other messaging services, telephony, internet connectivity and office/file servers are managed by a global infrastructure team, which is part of Group Technology Services.

Resilient technology for all core systems is hosted in data centers, in separate continents, with continuous data synchronization.

All production data is backed up regularly and stored securely either off-site or at a geographically disparate processing facility. Workplace Recovery is also provided as staff can operate remotely using a secure VPN from any number of locations. Remote access VPN requires two-factor authentication, which helps to ensure the confidentiality and integrity of remote access connections.

### **Offices and Production Centers**

Markit's primary operation centers are based in [REDACTED]

Markit's offices adhere to company requirements governing environmental controls. These include the use of uninterrupted power supplies and independent generators. Markit's strategy is to separate data processing and office facilities, which ensures that any issue has a limited impact and significantly reduces the risk to production systems.

[REDACTED]

These contingency offices, together with empowering staff to be able to work from home, together with being able to delegate critical business operations from a disrupted office to another Markit office, provides a range of contingency options to cater for any disruptive scenario. Other components of Markit's BCP framework encompass the following:

**Incident Management and Communication**

In the event of a business-affecting incident, Markit rapidly convenes its Crisis Management team. This team will direct Crisis Management and Business Continuity/Resumption activities. Markit uses an independently hosted emergency communication system to allow all affected staff to be contacted quickly by phone, SMS, email and voice recording in the event of an emergency or potentially serious incident. The system allows for the real-time collation and monitoring of responses. This allows the Crisis Management team quickly to assess how staff and business have been impacted by an incident.

**Client Notification**

Each product area, supported by Markit's Client Relations Teams, maintains a list of clients in an externally hosted, secure CRM system. In the event of a service-affecting incident, staff can access this database in order to notify clients of the incident and communicate the expected timescales for remedy. Client Relations Teams are spread across different geographic locations so, in the event that local staff and systems are unavailable during a disruptive incident, staff in alternative offices are trained and organized to ensure timely and informative client communication.

**Staff awareness**

Markit ensures that all members of staff understand their roles and their actions in the event of a business disruption. This is accomplished by the inclusion of business continuity principles and processes into the staff induction process and through regular review, training and testing.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



4. Ensuring network isolation to prevent VMs from connecting to each other if they do not

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**THE AUCTION PLATFORM****Task 7: New Jurisdictions**

As the cap and trade program grows the current auctions platform can easily on-board new jurisdictions or states. This can be achieved in a cost effective manner, with minimal development work to adjust for jurisdiction specific requirements (i/e if appropriate). The existing functionality will be replicated and modified accordingly if required.

As the priority is to on-board Ontario with the goal of conducting a practice auction in [REDACTED] in our production environment, we propose on-boarding Ontario onto our existing fully-functioning auction platform. This will allow Ontario the ability to leverage and benefit from the existing processes, procedures and guidance of the California and Quebec jurisdictions.

Markit will work with WCI, Inc. to expand existing operational procedures and processes to support the additional jurisdictions. We will also update the design documentation, procedure documentation, training materials, as well as scripts, responses, and all other relevant information that reflect the needs of a new jurisdiction.

Markit has successfully on-boarded the Quebec jurisdiction in 2013. We will leverage our prior experience from on-boarding Quebec to allow for a smooth incorporation of Ontario onto the program and platform.

**THE AUCTION PLATFORM****Task 8: Transition Out**

Markit will work with WCI, Inc. and another contractor(s) selected by WCI, Inc., if applicable, at the conclusion of the Contract to transition the services, including training and knowledge transfer. We will provide materials and assistance to transition to a new service provider. Markit will make all the necessary efforts to carry out the activities as outlined below:

1. Preparation of a Transition Plan that describes the activities and materials used to provide Auction Services, the methods used to put them in place, and the plan for transitioning the service to a new provider.
2. Conference call and webinar to present the Transition Plan to WCI, Inc. and the new service provider.
3. Hand-off transition assistance during the transfer of Auction Services to the new service provider.
4. Electronic, editable copies of all materials developed to provide Auction Services, including process and procedure documentation, training materials, scripts, reference materials, related materials, and Support Procedures Manual. The electronic format for the materials shall be specified by WCI, Inc. for compatibility with standard business software such as Microsoft Office. These materials shall be provided at a minimum of one (1) month prior to the end of the Markit's contract term.
5. Data from the Auction Services management and tracking system that enables the logs and summaries of the support services, including support staff assistance provided under the contract, to be accessed using standard business software such as Microsoft Office. These materials shall be provided at the end of the Markit's contract term.
6. The Transition Plan must describe a process to manage the transmission of all data to Partner Jurisdictions, or a new contractor, and the complete deletion of data from Markit's systems.




## THE AUCTION PLATFORM

### Task 9: Other Activities as Directed

If directed by WCI, Inc., Markit will prepare a Work Plan together with an estimated cost for any other activities. No work will commence until the Work Plan and budget have been approved by WCI, Inc.

## Cost Proposal

Markit has included the price tables and payment terms as requested in Appendix D. We have included an annual hosting cost which incorporates the costs we will incur for hardware purchases, software licenses, maintenance, data center, infrastructure and monitoring costs. We did not include these as other direct costs because we self-supply most of the items and get charged internally.



## Exceptions to the WCI, Inc. Standard Contract Form

Markit has proposed and provided suggested language to WCI, Inc.'s standard contract terms.

## Appendix C –References

Name of Organization <b>California Air Resources Board</b>	
Street Address 1001 "I" Street	City Sacramento
State/Prov. California	Zip/Postal Code 95814
[Redacted]	
[Redacted]	
[Redacted]	
[Redacted]	

Name of Organization <b>Quebec Ministre du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques</b>	
Street Address 675, boulevard René-Lévesque Est	City Québec
State/Prov. Québec	Zip/Postal Code G1R 5V7
[Redacted]	
[Redacted]	
[Redacted]	
[Redacted]	

Name of Organization <b>Pennsylvania Infrastructure Investment Authority (PENNVEST)</b>	
Street Address 22 S. Third Street	City Harrisburg
State/Prov. Pennsylvania	Zip/Postal Code 17101
[Redacted]	
[Redacted]	
[Redacted]	
[Redacted]	

## Appendix D – Cost Tables & Payment Terms (D1)

**TABLE A-(1): COST FOR EACH TASK - Develop Final Workplan and Schedule**

Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			

**TABLE A-(2): COST FOR EACH TASK - Design, Develop, and document Auction Tools and Services**

Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$) *
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			

**TABLE A-(3): COST FOR EACH TASK - Testing and Troubleshooting**

Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			

**TABLE A-(4): COST FOR EACH TASK - Develop Processes and Procedures for Auction and Reserve Sale Services**

Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			

**TABLE A-(5): COST FOR EACH TASK - Auction and Reserve Sale Set Up, Operations, and Reports**

Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			



**TABLE A-(6): COST FOR EACH TASK - Prepare a Security Plan**

Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			

\$ [REDACTED]

**TABLE A-(7): COST FOR EACH TASK - New Jurisdictions**

Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)*
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			

\$ [REDACTED]

**TABLE A-(8): COST FOR EACH TASK - Transition Out**

Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			

\$ [REDACTED]

**TABLE A-(9): COST FOR EACH TASK Other Activities as Directed**

Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)*
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			

\$ [REDACTED]

Total All Tasks	\$ <span style="background-color: black; color: black;">[REDACTED]</span>
-----------------	---

TABLE A-10: LABOR BY TASK

Labor Category	Rate (\$/hr)	Task 1 (hrs)	Task 2 (hrs)	Task 3 (hrs)	Task 4 (hrs)	Task 5 (hrs)	Task 6 (hrs)	Task 7 (hrs)	Task 8 (hrs)	Task 9 (hrs)	Total Hours	Total Cost (\$)
Project Manager												
Senior Consultant												
Consultant												
Junior Consultant												
Senior Systems Consultant												
Systems Consultant												
Systems Analyst												
Clerical/Admin Support												
	Total											

**TABLE B-1: COSTS PER AUCTION (\$) - Individual Jurisdiction  
(California, Quebec or Ontario)**

Description of Services	For up to 25 applicants	For 26 to 50 applicants	For 51 to 100 applicants	For 100+ applicants
Task 5a. Set up of an event only (no Applicants)				
Task 5b. Set up of an event through applicant approval (no Qualified Applicants)				
Task 5c. Complete event through certification and closure.				
<b>Total Costs per Auction</b>				

**TABLE B-1: COSTS PER AUCTION  
- (\$ Joint Auction (2 jurisdictions))**

Description of Services	For up to 25 applicants	For 26 to 50 applicants	For 51 to 100 applicants	For 100+ applicants
Task 5a. Set up of an event only (no Applicants)				
Task 5b. Set up of an event through applicant approval (no Qualified Applicants)				
Task 5c. Complete event through certification and closure.				
<b>Total Costs per Auction</b>				

**TABLE B-1: COSTS PER AUCTION  
- (\$ Joint Auction (3 jurisdictions))**

Description of Services	For up to 25 applicants	For 26 to 50 applicants	For 51 to 100 applicants	For 100+ applicants
Task 5a. Set up of an event only (no Applicants)				
Task 5b. Set up of an event through applicant approval (no Qualified Applicants)				
Task 5c. Complete event through certification and closure.				
<b>Total Costs per Auction</b>				

---

TABLE B-2: COSTS PER AUCTION - (\$) California Reserve Sale









Description of Services	For up to 25 applicants	For 26 to 50 applicants	For 51 to 100 applicants	For 100+ applicants
Task 5a. Set up of an event only (no Applicants)				
Task 5b. Set up of an event through applicant approval (no Qualified Applicants)				
Task 5c. Complete event through certification and closure.				
<b>Total Costs per Auction</b>				

TABLE B-2: COSTS PER AUCTION (\$) - Ontario Reserve Sale

Description of Services	For up to 25 applicants	For 26 to 50 applicants	For 51 to 100 applicants	For 100+ applicants
Task 5a. Set up of an event only (no Applicants)				
Task 5b. Set up of an event through applicant approval (no Qualified Applicants)				
Task 5c. Complete event through certification and closure.				
<b>Total Costs per Auction</b>				



**TABLE B-3: COSTS PER AUCTION (\$) - Quebec  
Reserve Sale**

Description of Services	For up to 25 applicants	For 26 to 50 applicants	For 51 to 100 applicants	For 100+ applicants
Task 5a. Set up of an event only (no Applicants)				
Task 5b. Set up of an event through applicant approval (no Qualified Applicants)				
Task 5c. Complete event through certification and closure.				
<b>Total Costs per Auction</b>	<b>█</b>	<b>█</b>	<b>█</b>	<b>█</b>

**TABLE B-4:  
TOTAL COSTS  
FOR TASK 5\***

Description of Services		Per Year	Total cost 2016	Total cost 2017	Total cost 2018	Total cost 2019	Total cost 2020	Total cost 2016-2020
Demonstration Process (for ON)	One-Time Cost For Training Entities (e.g Practice Auction)							
Other Initial Set-up Costs (for ON)	Procedures Manual, etc.							
Joint Auction (CA, QC)								
Joint Auction (CA, QC, ON)								
Ontario Jurisdiction Auction								
CA Reserve Sale								
QC Reserve Sale								
ON Reserve Sale								
Total Costs								

Total 2016-2020 for Task 5:

TABLE C: OTHER DIRECT COSTS (SPECIAL)

Other Direct Cost (Special)	Unit Cost (\$)	Annual Cost (\$)	Total Program Cost (\$)
Brief description of cost*	Per event	Total Annual Cost	Total Annual Cost X 4 years
Cyber Insurance	N/A		
Hosting* (see breakdown)			
			\$ [REDACTED]

TABLE D: SUMMARY OF COSTS BY TASK (For 2016 to 2020)

Description of Services	Total Cost (\$)
Task 1. Develop Final Work Plan and Schedule	
Task 2. Design, Develop, and Document Auction Tools and Services	
Task 3. Testing and Troubleshooting	
Task 4. Develop Processes and Procedures for Auction and Reserve Sale Services	
Task 5. Auction and Reserve Sale Set Up, Operations, and Reports	
Task 6. Prepare a System Security Plan	
Task 7. New Jurisdictions	
Task 8. Transition Out	
Task 9. Other Activities as Directed	
Other Direct Costs (General--assume \$10,000/year)	
Other Direct Costs (Special)	
<b>Total Costs</b>	

**ATTACHMENT G:  
REQUEST FOR PROPOSAL**

7592673.2





## **Request for Proposal**

### **Auction and Reserve Sale Administrator Services**

RFP No. 2015-01

This RFP is available on the  
Western Climate Initiative,  
Inc. (WCI, Inc.) website at  
<http://wci-inc.org/rfp-auction-admin.php>

Interested parties are encouraged to visit the WCI, Inc. website for  
more information and potential updates to the RFP, and to subscribe  
to the electronic mailing list.

Release Date:  
March 18, 2015

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**REQUEST FOR PROPOSAL**  
**Notice to Prospective Offerors**  
**RFP No. 2015-01**

March 16, 2015

You are invited to review and respond to this Request for Proposal (RFP) No. **2015-01**, entitled, "Auction and Reserve Sale Administrator Services." In submitting your proposal, you must follow the instructions found herein.

This RFP is available on the WCI, Inc. webpage at: <http://wci-inc.org/rfp-auction-admin.php>.

The deadline for receipt of proposals is April 27, 2015, 5:00 p.m. Pacific Time. To be on time, proposals must meet both of the following two conditions: (1) proposals must be received electronically at [rfp@wci-inc.org](mailto:rfp@wci-inc.org) by the deadline above; and (2) proposals must be submitted by mail or delivery service and must contain the required contents and be postmarked or requested for delivery on or before April 27, 2015 and delivered to WCI, Inc., 980 Ninth Street, Suite 1600, Sacramento, CA 95814.

You are advised that you are responsible for ensuring that your proposal is received both electronically and by mail or delivery services meeting both conditions described above.

In the opinion of WCI, Inc., this RFP is complete and without need of explanation. However, if you have questions, notice any discrepancies or inconsistencies, or need any clarifying information, the contact person for this RFP is listed below. All questions must be submitted in accordance with the RFP instructions contained herein and sent via email directly to the contact person listed below.

Contact: Jennifer Major  
Email: [rfp@wci-inc.org](mailto:rfp@wci-inc.org)

All questions submitted will be shared publicly. Do not include any confidential information with your questions.

We appreciate your interest in this project and hope to receive a proposal from you if this is within your area of expertise.

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# Request for Proposal Auction and Reserve Sale Administrator Services

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## Acronyms and Definitions

AAR	Alternate Account Representative for an entity with a CITSS account
Agreement	The contract to be entered into between WCI, Inc. and the successful Offeror
Applicant	Any entity that has submitted an auction or reserve sale application or intent to bid
Auction Administrator	The Contractor providing Auction and Reserve Sale Administrator Services
Auction Services	Auction and Reserve Sale Services described in this RFP provided by the Contractor
Auction Technical Work Group	A work group that meets to discuss and design Auction Services that is comprised of WCI, Inc. staff, jurisdiction staff, and Auction Administrator staff
Auction Technical Project Manager	A WCI, Inc. staff person that is the lead staff person responsible for managing work under the Agreement and facilitating the Auction Technical Work Group
Business and Technical Specifications	Auction and Reserve Sale Business and Technical Specifications described in Appendix B of this RFP
CA	California
CITSS	Compliance Instrument Tracking System Service, supported by another contractor
Contractor	Party that is ultimately selected and contracted to provide the services described in this RFP
Covered Entity	An entity that has a compliance obligation as specified by CA's Cap-and-Trade Program
Emitter	An entity that has a compliance obligation as specified by QC's Cap-and-Trade System



Entity	A person, firm, association, organization, partnership, business trust, corporation, limited liability company, company, or government agency registered under the CA Cap-and-Trade Program or QC Cap-and-Trade System.
Financial Services Administrator	The contractor providing Auction and Reserve Sale Financial Administration Services
General Market Participant	A General Market Participant is a general term that has the same meaning as a Voluntarily Associated Entity in the CA Cap-and-Trade Regulation and as a Participant in the QC Cap-and-Trade Regulation. A General Market Participant may be further clarified as a General Market Participant – Organization or a General Market Participant – Individual.
GHG	Greenhouse Gas
Offeror	Party that submits a proposal in response to RFP No. 2015-01
PAR	Primary Account Representative for an entity with a CITSS account
Participating Jurisdictions	A jurisdiction with at least one representative serving on the WCI, Inc. Board of Directors. Currently, Participating Jurisdictions include the Provinces of British Columbia and Québec and the State of California.
Potential Applicant	Any entity that has an active CITSS account and that selects the "Auction Participation" box.
QC	Québec
Qualified Applicant	Any entity that has submitted an auction or reserve sale application or intent to bid and a bid guarantee
Qualified Bidder	Any entity that has submitted an auction or reserve sale application or intent to bid and a bid guarantee, and has been approved to participate in an auction or reserve sale.

Participant	An entity which does not have a compliance obligation, as specified by QC's Cap-and-Trade Regulation, but intends to purchase, hold, sell, or voluntarily retire compliance instruments or an entity operating an offset project or early action offset project that is registered under the QC Cap-and-Trade Regulation. A participant may be further clarified as a Participant – Organization or a Participant – Individual.
Reserve Sale	A California Reserve Sale or Québec Sale by Mutual Agreement
RFP	Request for Proposal
UAT	User Acceptance Testing
VAE	Voluntarily Associated Entity
Voluntarily Associated Entity	An entity which does not have a compliance obligation, as specified by CA's Cap-and-Trade Regulation, but intends to purchase, hold, sell, or voluntarily retire compliance instruments or an entity operating an offset project or early action offset project that is registered under the CA Cap-and-Trade Regulation. A Voluntarily Associated Entity may be further clarified as a Voluntarily Associated Entity – Organization or a Voluntarily Associated Entity – Individual.
WCI, Inc.	Western Climate Initiative, Inc.
Work	Activities conducted by the Contractor to fulfill its duties and obligations in connection with the Agreement.

## **REQUEST FOR PROPOSAL**

### **Auction and Reserve Sale Administrator Services**

#### **I. PURPOSE**

Western Climate Initiative, Inc. (WCI, Inc.) is a non-profit corporation formed to provide administrative and technical services to support the implementation of state and provincial greenhouse gas (GHG) emissions trading programs.

The Board of Directors for WCI, Inc. includes officials from the provinces of Québec and British Columbia, and the State of California (hereafter referred to as Participating Jurisdictions). The services provided by WCI, Inc. can be expanded to support jurisdictions that join in the future. Primary services administered by WCI, Inc. include the Compliance Instrument Tracking System Service (CITSS), Auction and Reserve Sale Services, Financial Administration Services to support Auction Services, and Market Monitoring Services.

WCI, Inc. is seeking contractor services to provide Auction and Reserve Sale Administrator Services (referred to as Auction Services throughout this RFP and includes the services described in Appendix A). This Request for Proposal (RFP) is to solicit proposals from experienced and qualified contractors to design, develop, test, conduct, and report Auction Services for jurisdiction-specific and multi-jurisdiction greenhouse gas (GHG) allowance auctions, as well as for jurisdiction-specific allowance sales from the California Allowance Price Containment Reserve and the Québec Allowance Reserve, as required by regulations governing the California Cap-and-Trade Program and Québec Cap-and-Trade System. The Québec Cap-and-Trade System uses the term Sale by Mutual Agreement to describe sales of GHG allowances from the Minister's reserve at a fixed price. For simplicity, throughout this document, a California Reserve Sale and a Québec Sale by Mutual Agreement will be referred to as a reserve sale.

Further detail on the participation processes for California and Québec auctions and reserve sales can be found in the auction and reserve sale notices posted online by the jurisdictions. For California entities, auction and reserve sale notices can be found at: <http://www.arb.ca.gov/cc/capandtrade/auction/auction.htm>. For Québec entities, auction and reserve sale notices can be found at: <http://www.mddefp.gouv.qc.ca/changements/carbone/index-en.htm>.

## II. STATEMENT OF WORK

This Work covers nine (9) tasks that must be completed by the Contractor. A brief description of each task is presented below. The full Statement of Work is provided in Appendix A.

**Task 1 – Develop Final Work Plan and Schedule.** The Contractor shall develop a Final Work Plan to reflect the final work schedule and task descriptions.

**Task 2 – Design, Develop, and Document Auction Tools and Services.** Under this task the Contractor shall develop the internet-based tools and related services to provide Auction Services. The Contractor will prepare design plans to guide the development of services necessary to administer auction and reserve sale events (events). Following approval of design plans by WCI, Inc. and jurisdictions, develop the internet-based tools and related services per the approved plans to support Participating Jurisdictions' ability to hold joint multi-jurisdiction auctions, jurisdiction-specific auctions, and jurisdiction-specific reserve sales. Currently, jurisdictions conducting auctions and reserve sales include California and Québec.

**Task 3 – Auction Services Testing and Troubleshooting.** Under this task the Contractor will conduct the necessary testing of the internet-based tools and services to ensure that Auction Services meet the needs of WCI, Inc. and the Participating Jurisdictions. The Contractor shall conduct unit, integration, and functional testing, as well as final quality assurance and regression testing. Additionally, the Contractor will conduct security vulnerability assessments and penetration testing as described in Task 6 Prepare a System Security Plan.

**Task 4 – Develop Processes and Procedures for Auction and Reserve Sale Services.** Under this task the Contractor shall prepare Processes and Procedures Documents that describe the steps and requirements needed to conduct multi-jurisdiction joint and jurisdiction-specific auctions and jurisdiction-specific reserve sales, and provide auditing data for all services provided.

**Task 5 – Auction and Reserve Sale Set Up, Operations, and Reports.** The Contractor shall implement the approved processes and procedures and utilize the approved final internet-based auction tools and services to establish and maintain Participant and Administrative Auction Services User accounts, set up events, conduct operations, determine settlement price and allowance awards, and complete reporting for auction and reserve sale events.

**Task 6 – Prepare a System Security Plan.** Under this task the Contractor shall prepare a System Security Plan describing the security approach for all proposed services and ensure compliance with the security process, practices, and requirements of jurisdictions' codes and laws.

**Task 7 – New Jurisdictions.** The Contractor shall be prepared to update the Auction Services, materials, and procedures to accommodate the addition of new

Participating Jurisdictions. Offerors should assume that any new jurisdiction follows the same format and approach used for California and Québec.

**Task 8 – Transition Out.** At the conclusion of the contract, if necessary, the Contractor will provide materials, documentation, and assistance to transition the Auction Services to a new selected Contractor and to fully document activities completed during the course of the contract. The Contractor shall work with WCI, Inc. and the new contractor(s) selected by WCI, Inc. to transition the Auction Services, including training and knowledge transfer.

**Task 9—Other Activities as Directed.** During the course of this contract, WCI, Inc. may request additional support directly related to this Statement of Work. The Contractor will undertake additional activities only when directed in writing by WCI, Inc.

### III. GENERAL PROPOSAL REQUIREMENTS AND INFORMATION

This section contains instructions for the submission of a proposal. It is the responsibility of the Offeror to carefully read and follow all proposal requirements within this Request for Proposal (RFP). Compliance with the RFP instructions is mandatory for a proposal to be considered for award. Failure to comply with the RFP instructions may cause a proposal to be deemed non-compliant and non-responsive, thus ineligible for award.

#### A. Key RFP Dates

Below is the time schedule for this RFP. WCI, Inc. reserves the right to modify the RFP and/or change dates and times at its sole discretion, prior to the date fixed for submission of proposals, by the issuance of a notice that will be posted on the WCI, Inc. website at: <http://wci-inc.org/rfp-auction-admin.php>. Clarifications to the solicitation will only be issued prior to the due date and provided in the form of a notice posted on the website. WCI, Inc. reserves the right to modify or cancel in whole or any part of this RFP.

Key Actions	Dates	Time*
RFP Available to Prospective Offerors	03/18/2015	N/A
Auction Services Offerors' Conference	03/25/2015	10:00 a.m.
Written Questions Submittal Deadline	03/27/2015	5:00 p.m.
Question Responses due from WCI, Inc.	04/03/2015	5:00 p.m.
Offerors Express Non-Binding Interest in Bidding	04/03/2015	5:00 p.m.
<b>Final Date for Proposal Electronic Submission/Receipt by WCI, Inc.</b>	<b>04/27/2015</b>	<b>5:00 p.m.</b>
<b>Final Date for Postmark of Cover Letter and CD-R Disc</b>	<b>04/27/2015</b>	<b>N/A</b>
* All times are Pacific Time.		

A one-hour Offeror's conference will be hosted by WCI, Inc. at 10:00 a.m. Pacific Time, March 25, 2015 via conference call. The call-in number is +1-712-775-7031; passcode 232-131-573. The purpose of the Offerors' Conference is to familiarize Offerors with the RFP. All questions regarding the RFP must be submitted in writing by March 27, 2015. All questions will be answered in writing by April 3, 2015, as described below. Details for the Offeror's conference will be posted on the WCI, Inc. website.

Potential Offerors are requested to notify WCI, Inc. of their intent to bid on this submission by April 3, 2015. This is a non-binding notification and does not require the Offeror to actually bid, nor does failure to notify WCI, Inc. of intent to bid

preclude any Offeror from submitting a proposal.

All questions or concerns related to the RFP requirements must be directed via email to:

Contact: Jennifer Major  
Email: [rfp@wci-inc.org](mailto:rfp@wci-inc.org)

A summary of questions and responses provided during the Offerors conference and answers to all questions submitted in writing will be in the form of a notice posted on the WCI, Inc. website at <http://wci-inc.org/rfp-auction-admin.php> on or about the date indicated above. Please note that no other information other than this RFP and notices posted to the WCI, Inc. website will be binding with WCI, Inc. or Participating Jurisdictions. Only information issued in writing as an official notice should be relied upon.

## **B. General Schedule of Auction and Reserve Sale Events**

The following is an anticipated annual schedule of auction and reserve sale events to be conducted under the terms of the Agreement. All tools and services must be completed, tested, and approved prior to the opening of the application period for the first event to be conducted under the terms of the Agreement.

Per CA and QC regulations, the following schedule (*Exhibit 1*) assumes quarterly joint auctions will be conducted. In the event that jurisdiction-specific auctions are held, instead of one (1) joint auction, the Contractor will be required to conduct two (2) jurisdiction-specific auctions each quarter for the current Participating Jurisdictions. If held, the jurisdiction-specific auctions will be anticipated to occur within a two (2) week period prior to or after the date provided for a joint auction. The event activities are expected to overlap. *Exhibit 1* reflects an annual calendar. The events conducted by the Contractor would only include those that could be fully executed during the period of performance of the final, approved Agreement.

Reserve sales for CA are scheduled quarterly. Reserve sales for QC are scheduled as needed, and may be less than quarterly. The schedule in *Exhibit 1* reflects the maximum likely number of events to be scheduled.

An application period for each auction opens approximately sixty (60) days prior and closes approximately thirty (30) days prior to the date the auction is held. An application period for each CA reserve sale opens approximately thirty (30) days prior and closes approximately twenty (20) days prior to the date the reserve sale is held. An application period for each QC reserve sale is expected to open approximately sixty (60) days prior and close approximately thirty (30) days prior to the date on which the reserve sale is scheduled.



### Exhibit 1. Anticipated Annual Schedule

Event	Event Opens (Approximate Date)	Event Held (Approximate Date)	Event Complete (Approximate Date)
February Auction	60 days prior to the event	3 <sup>rd</sup> week February	3 <sup>rd</sup> week March
CA Reserve Sale	30 days prior to the event	4 <sup>th</sup> week March	4 <sup>th</sup> week April
QC Reserve Sale	60 days prior to the event	Mid-April	Early May
May Auction	60 days prior to the event	3 <sup>rd</sup> week May	3 <sup>rd</sup> week June
CA Reserve Sale	30 days prior to the event	4 <sup>th</sup> week June	4 <sup>th</sup> week July
QC Reserve Sale	60 days prior to the event	Mid July	Early August
August Auction	60 days prior to the event	3 <sup>rd</sup> week August	3 <sup>rd</sup> week September
CA Reserve Sale	30 days prior to the event	4 <sup>th</sup> week September	4 <sup>th</sup> week October
QC Reserve Sale	60 days prior to the event	Mid October	Early November
November Auction	60 days prior to the event	3 <sup>rd</sup> week November	3 <sup>rd</sup> week December
CA Reserve Sale	30 days prior to the event	4 <sup>th</sup> week December	4 <sup>th</sup> week January
QC Reserve Sale	60 days prior to the event	Early January	Early February

### C. General Proposal Requirements

1. The Period of Performance for this contract is June 1, 2015 to January 31, 2021. Offerors are directed to use this timeframe for developing both their technical and cost proposals.
2. Proposals should provide straightforward and concise descriptions of the Offeror's ability to satisfy the requirements of this RFP. The proposal must be complete and accurate. Omissions, inaccuracies, or misstatements will be sufficient cause for rejection of a proposal.

3. Proposals must be submitted for the performance of all services described herein. Any deviation or omission from the Work specifications as described in all sections of this RFP may cause a proposal to be rejected.

4. The proposal must contain all of the components, information, and documents as outlined below:

a. Title Page

The purpose of this page is to provide in one location the information needed by WCI, Inc. administrative staff. It must contain the following items:

1. The title of the proposal, which must be the same as the title of the RFP.
2. The number of the RFP (RFP No. 2015-01).
3. The date of the proposal.

b. Cover Letter / Letter of Commitment

This cover letter must not be more than 2 pages, in Arial size-11 point font or similar, and must include the following paragraph and the signature of the representative authorized to make the proposal on behalf of the firm:

“The enclosed proposal is submitted in response to the above-referenced Request for Proposal #2015-01, including any addenda. Through submission of this proposal we agree to all of the terms and conditions of the Request for Proposal, and agree that any inconsistent provisions in our proposal may result in a lower score, up to and including disqualification. We have carefully read and examined the Request for Proposal, and have conducted such other investigations as were prudent and reasonable in preparing the proposal. We agree to be bound by statements and representations made in our proposal.”

The cover letter must be provided as hard copy on the company's letterhead and include the following information and statements:

1. The name and address of the company [Note: A Post Office box may be used, but the company's street address must be provided for records]; and
2. The name, title, and original signature of a company official.
3. Only an individual who is authorized to bind the proposing firm contractually shall sign the required Cover Letter for the proposal. The signature must indicate the title or position that the individual holds in the firm. An unsigned proposal may be rejected.

c. Table of Contents

d. Summary—The summary shall not be longer than one page. Include a brief description summarizing the features and benefits of the proposal.

e. Technical Proposal—The details to be included in the Technical Proposal can be found in Section IV, Technical Proposal Requirements.

f. Cost Proposal—The details to be included in the Cost Proposal can be found in Section V, Cost Proposal Requirements.

g. Exceptions to WCI, Inc. Standard Contract Form—The details to be included in the Exceptions to WCI, Inc. Standard Contract Form can be found in Section V, Cost Proposal Requirements.

h. Appendices C and D—Appendices C (References) and D (Cost Tables) must be included in the proposal.

There is no page limitation on the proposal. However, Offerors are encouraged to be concise in their responses to the RFP.

#### **D. Submission of Proposals**

1. The proposal must be submitted in English or French.

2. Proposals must be received electronically at [rfp@wci-inc.org](mailto:rfp@wci-inc.org) by the deadline noted above in Section III.A. Proposals received after the final date and time for proposal submission/receipt by WCI, Inc. will not be considered.

3. The proposal must also be submitted in electronic format on a “write once” CD-R disc with the session closed. The CD-R disc shall be formatted using Compact Disc File System (CDFS) consistent with International Organization for Standardization (ISO) 9660 standard.

4. The proposal must be a single file and not multiple files when submitted electronically and on the disc. The file format must be Portable Document Format (PDF, ISO 32000-1). The format must be text searchable and not a scanned or “image only” document. Although not required, the Offeror may also submit webpage prototypes, links to webpage prototypes, or prototypes in other formats. Any prototype that is an image only should be incorporated into the proposal. Prototypes may be provided on the same disc, and may be provided in addition to the single file proposal.

5. The disc label shall identify the following:

Offeror Name (Agency, Firm, Contact Individual)  
RFP Number 2015-01  
“Auction and Reserve Sale Administrator Services”

6. The disc shall be accompanied by a signed hard copy cover letter on the company's letterhead detailed in Section III.C General Proposal Requirements section of this RFP.

7. Packaging/Mailing/Delivery Instructions:

a. The proposal package/envelope must be postmarked or requested for delivery by the date indicated in Section III. A, Key RFP Dates. The proposal package/envelope must be plainly marked with the RFP number and title, your firm name, address, and must be marked with "REQUEST FOR PROPOSAL—DO NOT OPEN UNTIL April 27, 2015" (see sample below).

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**ONE (1) SEALED PACKAGE/ENVELOPE**

---

Offeror Name (Agency, Firm, Individual)  
Complete Address  
RFP Number 2015-01  
Auction and Reserve Sale Administrator Services

**REQUEST FOR PROPOSAL**  
**DO NOT OPEN UNTIL APRIL 27, 2015**

b. Proposals submitted in response to this RFP shall be submitted to WCI, Inc., 980 Ninth Street, Suite 1600, Sacramento, CA 95814 in one (1) sealed package/envelope containing a signed cover letter and compact disc (CD) containing the entire proposal and any prototypes submitted, if applicable.

c. If the proposal is made under a name or business title other than the Offeror's legal name, the actual legal name of Offeror must be provided.

8. Each proposal will be reviewed to determine if it meets the proposal requirements contained in Section IV, Technical Proposal Requirements and Section V, Cost Proposal Requirements. Failure to meet the requirements for the RFP may be cause for rejection of the proposal.

9. A proposal may be rejected if it is incomplete or conditional (except as provided by Section V.A, Exceptions to the WCI, Inc. Standard Contract Form), or if it contains any alterations of form or other irregularities of any kind. WCI, Inc. may reject any or all proposals and may waive any immaterial deviation in a proposal. The waiver of immaterial defect shall in no way modify the RFP document or excuse

the Offeror from full compliance with all requirements if the Offeror is awarded the Agreement.

10. WCI, Inc. may modify the RFP up until the final date for proposal submission/ receipt by WCI, Inc., identified in Section III. A., Key RFP Dates, by the issuance of a notice posted on the WCI, Inc. website.

11. WCI, Inc. reserves the right to reject all proposals.

12. More than one proposal from an individual, firm, partnership, corporation, or association under the same or different names, will not be considered. Reasonable grounds for believing that any Offeror has submitted more than one proposal for the work contemplated herein may cause the rejection of all proposals submitted by that Offeror. If there is reason to believe that collusion exists among the Offerors, none of the participants in such collusion will be considered in this procurement.

#### **E. Modification and/or Withdrawal of Proposals**

1. An Offeror may modify a proposal after its submission by withdrawing its original proposal and resubmitting a new complete proposal as described in Submission of Proposals above, prior to the final date for proposal submission, defined in Section III. A., Key RFP Dates. Modifications offered in any other manner, oral or written, will not be considered.

2. An Offeror may withdraw its proposal by submitting a written withdrawal request to WCI, Inc. signed by the Offeror or an agent authorized in accordance with Section III.G, Signature. An Offeror may thereafter submit a new complete proposal as described in Submission of Proposals above, prior to the final proposal submission deadline defined in Section III.A, Key RFP Dates. Proposals may not be withdrawn without cause subsequent to proposal submission deadline.

#### **F. Offeror's Responsibilities**

1. Offerors should carefully examine the entire RFP, with special attention to the tasks and deliverables and proposal requirements. Offerors shall investigate obstacles that might be encountered. No additions or increases to the Agreement amount will be made due to a lack of careful examination of the requirements.

2. Before submitting a response to this solicitation, Offerors should review their response, correct all errors, and confirm compliance with the RFP requirements.

3. All costs and expenses incurred by the Offeror in connection with this RFP, including costs incurred for developing proposals in anticipation of award of the Agreement and prior to any execution of the Agreement, are entirely the responsibility of the Offeror and shall not be charged to WCI, Inc.

4. It is the Offeror's responsibility to promptly notify WCI, Inc. by email if the Offeror believes that the RFP is unfairly restrictive, contains errors or discrepancies, or is otherwise unclear. Notification must be made immediately upon receipt of the RFP in order that the matter may be fully considered and appropriate action taken by WCI, Inc.

5. Offeror is responsible to review, read, and understand the WCI, Inc. Standard Contract Form available at <http://wci-inc.org/rfp-auction-admin.php>, including all of its attachments. By submission of a proposal, the Offeror agrees that, should its proposal be successful, the Offeror will enter into an Agreement with WCI, Inc. on the terms set out in the WCI, Inc. Standard Contract Form (see Section V.A for exceptions to the WCI, Inc. Standard Contract Form).

6. Each proposal constitutes an irrevocable offer for a period of at least one hundred and eighty (180) working days after proposal submission.

#### **G. Signature**

1. All documents requiring signatures contained in the original proposal package must have original signatures.

2. Only an individual who is authorized to bind the proposing firm contractually shall sign the required Cover Letter for the proposal. The signature must indicate the title or position that the individual holds in the firm. An unsigned proposal may be rejected.

#### **H. Disposition of Proposals**

1. Upon proposal opening, all materials (documents, disc, and electronic content) submitted in response to this RFP will become the property of WCI, Inc. and shall not be returned to the Offeror. An Offeror has no right to review any proposal made by any other Offeror. All submitted materials will be held in confidence subject to applicable laws.

2. The successful Offeror's entire proposal, with the exception of confidential business information (to be determined by joint agreement between WCI, Inc. and the Contractor) shall be a public document following execution of a contract with WCI, Inc. Any prototypes submitted will not be a public document or record.

## **IV. TECHNICAL PROPOSAL REQUIREMENTS**

The proposal must contain the components, information, and documents outlined below. The proposal must be submitted in a clear, organized manner that facilitates evaluation. Each requirement's location must be listed in the Proposal's Table of Contents.

All pages of the Technical Proposal, including cover pages, table of contents, references and resumes, shall have the following header and page numbering format in the upper right-hand corner:

Offeror Name (Agency, Firm, Individual)  
RFP No. 2015-01  
Page ## of ##

There is no page limit to the technical proposal, but Offerors are requested to be as succinct as possible in their responses. It is recommended that Offerors use Arial 11 point font in their response, or another suitable easily-readable font.

### **A. Technical Approach and Understanding**

The Offeror shall present a technical approach that demonstrates its understanding of the objectives of the RFP, including its ability to use resources, methods, systems, or other approaches to perform the work described in Appendix A, Statement of Work. The following elements should be addressed:

- Demonstrated sound, feasible, and achievable technical approach to accomplishing the project, which clearly describes the project's objectives and needs and the manner in which they shall be addressed, not merely repeating the Statement of Work;
- Demonstrated solid grasp of the subject area, including familiarity with regulatory and market-based issues related to market-based environmental compliance programs;
- Discussion of any technical barriers/anticipated major difficulties, and recommendations for their resolution; and,
- Demonstrated ability to work with organizations responsible for designing and implementing market-based environmental compliance mechanisms.

The Offeror shall describe the approach and methodology for performing each of the nine (9) tasks in the Statement of Work. The Offeror shall identify specific techniques that will be used, and administrative and operational management controls that will be used to ensure timely delivery and high-quality performance of each task. The Offeror shall indicate how its knowledge and skills developed in



previous work will be applied to the tasks. The use of sample deliverables and examples from other projects to describe how the tasks will be performed is allowed.

The Offeror shall identify possible risks to successful performance of each task, including risks associated with the indicated schedule, and explain how the Offeror will address the risks to ensure that each task is successfully completed.

A technical approach to providing Auction Services could vary by the activities to be provided by the Offeror versus activities to be performed by WCI, Inc. and/or the Participating Jurisdictions. For example, the focus could be on developing services provided by the Contractor to conduct auctions and reserve sales or on developing systems to allow jurisdiction staff to conduct auctions and reserve sales, with Contractor services focused on monitoring, troubleshooting, and support services. The proposal must describe the level of service to be provided by the Contractor as well as the level of effort required by WCI, Inc. or jurisdiction staff to conduct auctions and reserve sales.

The Offeror shall provide a Work Schedule that at a minimum includes the start of each task and the completion of draft and final deliverables. For purposes of preparing the schedule, Offerors shall assume a contract start date of June 1, 2015. Offerors shall indicate clearly the anticipated date by which complete auction and reserve sale services can be provided, including indicating the first auction or reserve sale event that will be supported. For example, to support the February 2016 joint auction including California and Québec, all internet-based tools, processes, and related services would need to be tested and accepted for use prior to the auction application period opening in December 2015 (see *Exhibit 1*).

WCI, Inc. would like the Contractor to start supporting auction and reserve sale events as soon as practical to support auctions held in 2016. Offeror is requested to explain how its proposed schedule can be achieved, including highlighting tools or other related capabilities that it proposes to deploy to support the schedule. Any inputs or support from WCI, Inc. and/or the participating jurisdictions that are critical to the proposed schedule should also be highlighted.

Provided below in *Exhibit 2* is a sample of a Work Schedule to be included in the proposal. The table is not provided as a required format, but is provided to demonstrate the level of detail expected for the Work Schedule. The Sample Work Schedule illustrates the minimum level of detail to be reflected in the Work Plan under Task 1. The Sample Work Schedule is intended to assist the Contractor in the planning of task deliverables. This schedule does not contain a full description of all subtasks and actions to be completed by the Contractor; the Contractor should instead provide additional detail in the Work Schedule to be submitted with its proposal and to be finalized in the Work Plan under Task 1.

### Exhibit 2. Sample Work Schedule

Subtask Description	Start Date(s)	End Date(s)
<b><i>Task 1 – Develop Final Work Plan and Schedule</i></b>		
<b><i>Task 2 – Design, Develop, and Document Auction Services and Related Tools</i></b>		
Subtask 2.1		
Subtask 2.2		
Subtask 2.3		
Subtask 2.4		
...		
<b><i>Task 3 – Auction Services Testing and Troubleshooting</i></b>		
Subtask 3.1		
Subtask 3.2		
Subtask 3.3		
Subtask 3.4		
...		
<b><i>Task 4 – Develop Processes and Procedures for Auction and Reserve Sale Services</i></b>		
Subtask 4.1		
(Continue for all tasks)		

### B. Corporate Experience

In this section the Offeror should provide a narrative description on the demonstrated quality of the Offeror's experience on recent (i.e., performed within the past five (5) years) contracts and subcontracts that are similar in size, scope, and complexity to this project. The Offeror's description shall list projects where similar work has been performed, a description of that work (including the period of performance), dollar value of the total project/contract, and the number of individuals managed under each specific project/contract. The description provided in this section should demonstrate the relevance of the Offeror's past experience to aiding its successful execution of the work described in this RFP.

## **References**

The Offeror shall provide three (3) references for services with the scope, complexity, and level of service required for the Work, conducted within the past five (5) years. References must be provided using Appendix C, Offeror References Form.

## **C. Personnel**

The Offeror shall list all personnel associated with the delivery of services described in this RFP, including their titles, qualifications, and professional certifications, a summary of similar work performed, a resume for each professional, and a statement indicating what tasks each professional will perform. Resumes should not exceed five (5) pages and should be provided as an appendix to the main proposal. The Offeror shall designate by name Key Personnel, which at a minimum shall be the Project Manager, Auction Administrators, and any staff requesting CITSS access. The Contractor shall not substitute for Key Personnel without prior written approval of WCI, Inc.

If subcontractors are to be used, the Offeror must include in the Technical Proposal a description of each person or firm and the work to be done by each subcontractor. All subcontracts must be approved by WCI, Inc., and no work shall be subcontracted without the prior written approval of WCI, Inc. The Contractor shall not substitute subcontractors without prior written approval of WCI, Inc.

The Offeror's personnel will be evaluated on the extent to which they possess the appropriate technical knowledge, experience, and expertise to perform the tasks described in the SOW. The qualifications and experience of key personnel shall be evaluated through information provided in the Technical Proposal and the personnel résumé.

The Offeror shall designate a Project Manager to manage the delivery of Auction Services to WCI, Inc., to serve as the primary point of contact with WCI, Inc., and to ensure to the greatest degree possible that the agreed upon levels of service are provided. The Project Manager or acting alternate must be available to provide support to WCI, Inc. during normal business hours (7:00 a.m. to 4:00 p.m., Pacific Time, Monday through Friday, excluding holidays that are recognized by both the U.S. and Canada). At the discretion of WCI, Inc., normal business hours may be adjusted as needed to better serve the needs of the Participating Jurisdictions' programs. The Project Manager or acting alternate shall also be available as needed during events that may result in significant unscheduled disruption of Auction Service operations.

The Offeror must clearly demonstrate how the proposed personnel are qualified to perform the Work, including (but not limited to) meeting or exceeding the following Minimum Personnel Qualifications:

1. Financial and Managerial Capacity: Demonstrated financial and managerial capacity to execute the Work reliably and successfully.
2. Minimum Qualifications for the Project Manager: A minimum of five (5) years of experience managing the delivery of services with the scope, complexity, and level of service required for the Work.
3. Minimum Qualifications for Other Personnel: Experience that demonstrates the ability of personnel to successfully conduct the work to which they are assigned. See *Exhibit 3* for further information.

It is the responsibility of the Contractor to maintain adequate and qualified staffing to perform the Auction Services. If necessary, the Contractor may replace or add Key Personnel to provide the services with prior written notice to WCI, Inc. The Contractor shall ensure that all staff assigned within thirty (30) days of the effective date of the Agreement and all future staff added to perform Work for the Agreement are sufficiently trained, qualified to perform activities, properly identified and evaluated for security purposes, including meeting the regulatory specifications for access to CITSS. All conflict of interest and confidentiality forms for personnel must be signed and submitted to WCI, Inc. within five (5) days of assignment to the Auction Services project and prior to gaining access to auction or reserve sale data.

#### **D. Management Plan**

The Offeror shall provide a Management Plan, including a management structure and project organization that is capable of providing effective project control. A major consideration in the evaluation of the Management Plan will be the Offeror's strategy to ensure effective communication and coordination with WCI, Inc. and Participating Jurisdictions. The proposal must list the percent of time each Key Personnel will be dedicated to the Agreement as a percentage of total time and a number of hours per month. The Management Plan shall address the following points:

- Clear delineation of all project management responsibilities, processes, and coordination with WCI, Inc. necessary to ensure successful completion of required tasks;
- A description explaining what processes, tools, and/or techniques the Contractor will utilize to manage the work flow in order to stay on schedule and steps that will be taken to remedy any unplanned deviations from the schedule.
- Specific performance metrics that may be used to gauge progress of the implementation of task requirements, including the format for monthly progress reports that can be used to monitor performance and progress of each task. The monthly progress reports should include, among other factors, activities undertaken during the month, activities anticipated for the following month, any

problems/issues encountered and an approach for addressing them, and key deliverables; and

- Demonstrated understanding of the major risks involved with successfully establishing Auction Services and a clear, workable plan to mitigate identified risks.

## V. COST PROPOSAL REQUIREMENTS

The cost proposal shall include the Offeror's best estimate of the total cost in U.S. dollars (USD) to provide the services and meet the specifications described in Appendix A, Statement of Work and Appendix B, Business and Technical Specifications for the duration of the contract period. The Offeror's best estimate of total costs shall be inclusive of all costs (except where explicitly noted), and shall represent the total maximum consideration to be paid to Contractor in compensation for all of Contractor's expenses incurred in the performance of the Work. The cost proposal should be consistent with the project schedule proposed in the Technical Approach. Any cost/schedule tradeoffs should be clearly explained, for example, if an accelerated schedule would entail higher costs.

The cost proposal shall include a cost estimate for each task and a total for all tasks. Specific details are provided in Appendix D. For each task, the cost proposal shall be based on a Time & Materials (T&M) basis. The total proposed price for each task shall be considered a Not-To-Exceed (NTE) limit unless approved in writing by WCI, Inc.

1. Labor Costs must be calculated as a fully loaded labor rate, inclusive of fee, times the hours worked.
2. The labor rate and hours worked may vary by category of personnel. All Offerors shall use the labor categories described in *Exhibit 3* for classifying their personnel. Each staff person proposed should be clearly classified into one of the labor categories.
3. Only one labor rate should be proposed for each category, i.e., any staff meeting the description for a given labor category should be aggregated within the category such that only one rate is proposed by the Offeror for each labor category. This category rate shall be used by the successful Offeror for invoicing purposes.
4. Other Direct Costs shall be bid in two categories. The first category includes other direct costs typically incurred when executing a project, including reproduction charges, mailing expenses, travel, and other supplies (to the extent these costs are invoiced separately). For all Offerors these Other Direct Costs (General) shall be assumed to be [REDACTED] per year for bidding purposes. The second category of Other Direct Costs shall include all other Direct Costs, such as one-time or recurring costs for software licenses, cybersecurity insurance, cloud services, equipment, etc. These costs, if any, shall be itemized as Other Direct Costs (Special). All Other Direct Costs (including Special) will be invoiced to WCI, Inc. at the cost incurred by the Contractor. The cost proposal must include a brief description of the items that make up the Other Direct Costs (Special) and the cost for each.

### Exhibit 3. Labor Category Descriptions and Qualifications

#### PROJECT MANAGER

The name of the Project Manager and alternate who shall act for the Offeror in the absence of the Project Manager shall be provided as part of the Offeror's proposal. The Project Manager shall be the single point of contact for the Contractor with WCI, Inc. and responsible for coordinating all Offeror's staff to ensure delivery of high-quality products on time and within budget.

**Education and Experience:** A Project Manager is expected to have at least 10 years of experience in business, economics, engineering, or IT systems and a minimum of five (5) years of experience managing the delivery of services with the scope, complexity, and level of service required for the Work. The Project Manager should have demonstrated success in staffing and managing technical projects and staff members for similar work. The Project Manager shall have a MS/MA degree or equivalent in business, economics, engineering, IT systems, or equivalent, as applicable to the task.

#### SENIOR CONSULTANT

Senior Consultants are responsible for performing the work of a technically complex nature and often participate in project and technical discussions with the client. Senior Consultants are often responsible for directing and reviewing the work of other staff and for the day-to-day management of activities on a project.

**Education and Experience:** Senior Consultants are expected to have at least 10 years of experience and training in business, economics, engineering, statistics, or IT systems and 5 years of supervisory experience. A Senior Consultant is expected to have a MS/MA degree or equivalent and 5 years of supervisory experience.

#### CONSULTANT

Plans, manages and executes specific tasks for the overall project. Directs the day-to-day work activities of small work groups, develops findings, draws conclusions, and develops recommendations. Prepares and presents reports and is responsible for meeting goals within time and budget constraints.

**Education and Experience:** Consultant has a MS/MA degree or equivalent in business, economics, engineering, statistics, or IT systems and 4 years of experience.

#### JUNIOR CONSULTANT

Executes specific tasks as directed on a daily basis. Adept at quantitative tasks and summarizing results of assigned tasks.

**Education and Experience:** BS/BA degree or equivalent in business, economics, engineering, statistics, or IT systems and 2 years of experience

#### SENIOR SYSTEMS CONSULTANT

Subject matter expert for relevant business, economics, engineering, statistical, or IT challenges. Performs as a consultant in highly specialized subject areas, providing highly technical and/or specialized guidance. Performs analyses and studies, prepares reports, and gives presentations.

**Education and Experience:** MA/MS in business, economics, engineering, statistics, IT systems or a related technical discipline. Must have 5 years of experience or equivalent.



### Exhibit 3. Labor Category Descriptions and Qualifications

<p><b>SYSTEMS CONSULTANT</b> Performs as a consultant in highly specialized subject areas, providing highly technical and/or specialized guidance. Performs analyses and studies, prepares reports, and gives presentations.</p> <p><b>Education and Experience:</b> MA/MS in a related technical discipline. Must have 3 years of experience or equivalent.</p>
<p><b>SYSTEMS ANALYST</b> Develops and implements functional requirements for systems. Analyzes operational performance and addresses performance issues. Documents results.</p> <p><b>Education and Experience:</b> BA/BS in business, economics, engineering, statistics, IT systems or a related technical discipline. Must have 2 years of experience or equivalent.</p>
<p><b>CLERICAL/ADMINISTRATIVE SUPPORT</b> Provides clerical administrative-type support under supervision by technical or management-level personnel. Includes project administration, records, data input and related administration functions.</p> <p><b>Education and Experience:</b> BA/BS degree or equivalent.</p>

For tasks 1 through 7 WCI, Inc. requests that each Offeror estimate the Level of Effort (LOE), i.e., number of hours, required to provide the described services. All Offerors are also directed to determine the most appropriate mix of staff by labor category to propose for each of these tasks.

For tasks 8 and 9 the LOE cannot be accurately defined at this time. Therefore, for costing purposes all Offerors should assume the following level of effort for these tasks:

- Task 8: 400 hours
- Task 9: 500 hours

In addition, for Tasks 8 and 9 Offerors are directed to use the allocation of hours provided in *Exhibit 4* by proposed labor categories for each of the T&M tasks.

### Exhibit 4. Proposed Hours by Labor Category

Labor Category	Task 8	Task 9
Project Manager	50	80
Senior Consultant	40	50
Consultant	60	70
Junior Consultant	70	85
Senior Systems Consultant	40	50

<b>Labor Category</b>	<b>Task 8</b>	<b>Task 9</b>
Systems Consultant	60	70
Systems Analyst	70	80
Clerical/Admin Support	10	15
<b>Total Hours</b>	<b>400</b>	<b>500</b>

Note that these are indicative levels of effort provided for initial costing purposes for Tasks 8 and 9. Offerors should note:

- Actual levels of effort will be addressed at project kickoff and during the course of project execution.
- The Contractor will be reimbursed based on actual labor worked using the proposed labor category rates.
- There can only be one proposed labor rate for each labor category, i.e., the rate for a particular category cannot vary from one task to the next.
- Offerors may propose annual adjustments to the labor rates for each labor category and such proposed annual adjustments will be subject to WCI, Inc. approval at its sole discretion. The reason(s) for any adjustment shall be clearly explained in the Offeror's cost proposal.
- Once approved, the Contractor shall not exceed the proposed budget unless agreed to in writing by WCI, Inc.

All costs must be provided for each task and deliverable, and should reflect an estimate of the required level of management and overhead resources. No separate management task will be funded. The cost proposal shall itemize all items that will be charged to WCI, Inc. Costs shall also be outlined by classification, labor rates, hours worked, cost per auction and reserve sale, and one-time costs. The cost estimate for each task shall be summarized in tables included in Appendix D. If the Offeror plans to use one or more subcontractors, the cost estimates for the Offeror and the individual subcontractors must be presented separately using Tables A-1 to A-10 in Appendix D and also summarized across all team members.

A combined total cost estimate for the Offeror and subcontractors must also be provided using Table D in Appendix D. To ensure a consistent cost evaluation, each Offeror shall assume they will conduct twenty (20) joint auctions, twenty (20) CA Reserve Sales, and twenty (20) QC reserve sales through the term of the Contract on an as-needed basis. The actual number of auctions and reserve sales may vary during the contract period of performance depending on the needs of each Participating Jurisdiction.

To assess potential costs for an auction or reserve sale, the Offeror is encouraged to review summary results reports of all prior auctions and reserve sales. Links to summary results reports are available from the jurisdiction web pages. Links to the



jurisdiction webpages are also available from the WCI, Inc. news webpage at <http://wci-inc.org/rfp-auction-admin.php>.

## Exceptions to the WCI, Inc. Standard Contract Form

WCI, Inc. intends to enter into a contract with the successful Offeror using the WCI, Inc. Standard Contract Form (available at: <http://wci-inc.org/rfp-auction-admin.php>). Offerors are advised to read the WCI, Inc. Standard Contract Form carefully, including Attachment C, General Terms and Conditions; Attachment D, Individual Conflict of Interest and Confidentiality; Attachment D1, Organization Conflict of Interest and Confidentiality; and Attachment E, Contract Insurance Requirements.

If the Offeror agrees to all the terms in the WCI, Inc. Standard Contract Form without modification, it must indicate so in its proposal, including using the cover letter paragraph specified in Section III.C that includes: "Through submission of this proposal we agree to all of the terms and conditions of the Request for Proposal..."

The Offeror may include in its proposal exceptions to the WCI, Inc. Standard Contract Form. The Offeror shall indicate each exception by:

1. Quoting the exact language from the WCI, Inc. Standard Contract Form.
2. Proposing alternative language to replace the language quoted from the WCI, Inc. Standard Contract form.

The proposed alternative language must be complete. The Offeror may describe the intent of the proposed alternative language.

Should the technically qualified Offeror with the best value propose alternative language, WCI, Inc., at its sole discretion, will determine whether to consider any proposed alternative language during contract negotiations with the Offeror.

If the Offeror includes exceptions to the WCI, Inc. Standard Contract form, the cover letter paragraph specified in Section III.C must be revised as follows (changes shown in bold):

"The enclosed proposal is submitted in response to the above-referenced Request for Proposal, including any addenda. Through submission of this proposal we agree to all of the terms and conditions of the Request for Proposal **(with the exceptions to the WCI, Inc. Standard Contract Form noted in Section V of this proposal)** and agree that any inconsistent provisions in our proposal will be as if not written and do not exist. We have carefully read and examined the Request for Proposal, and have conducted such other investigations as were prudent and reasonable in preparing the proposal. We agree to be bound by statements and representations made in our proposal."

## **VI. EVALUATION**

WCI, Inc. intends to enter into a contract with the technically qualified Offeror offering the best overall value, including the Technical Evaluation and Cost Evaluation. If a written contract cannot be negotiated, approved, and executed, WCI, Inc. may, at its sole discretion at any time, terminate negotiations with that Offeror and either negotiate a contract with the Offeror with the next highest value or choose to terminate the Request for Proposal process and not enter into a contract with any of the Offerors.

The Offeror, by submitting a proposal, agrees not to bring, and waives any rights it may have to bring, any claim, action or proceeding (including any claim, action or proceeding for damages of any kind, including indirect, consequential or special damages or lost profits) against WCI, Inc., any Participating Jurisdiction, any funding entity of WCI, Inc. or any director, officer, employee or agent of any of the foregoing which arises from, relates to or is connected with this RFP, including the RFP's competitive process, the evaluation of proposals, the selection of a successful Offeror and any failure to enter into an Agreement with an Offeror.

### **A. Technical Evaluation**

WCI, Inc. will conduct a technical evaluation in accordance with the RFP requirements. WCI, Inc.'s evaluation team will score each proposal using the following criteria:

1. Technical Approach and Understanding: 50 Points
2. Corporate Experience: 20 Points
3. Personnel: 20 Points
4. Management Plan: 10 points

The full explanation of each criterion is provided in the Technical Proposal Instructions.

### **B. Cost Evaluation**

The cost evaluation contains two parts.

1. Cost Reasonableness: WCI, Inc. will assess the clarity, reasonableness, and potential risks of the cost estimate provided by the Offeror. WCI, Inc. will consider the basis for the cost estimate provided by the Offeror, including the combination of factors that make up the cost estimate, including: Fixed Costs; Labor Costs; and Other Direct Costs. The cost reasonableness will evaluate how well the Cost Proposal aligns with the work proposed in the Technical Proposal. This first part of the cost evaluation will be based on a determination that the Offeror's cost estimate is reasonable for further evaluation. Any bid determined to have unreasonable cost estimates will not be evaluated further.

2. Cost Estimate: The technically qualified proposal that has the lowest total cost estimate shall be given a maximum cost estimate score of 50 points. All other technically qualified proposals will receive a cost estimate score calculated as the ratio of the lowest cost proposal to the Offeror's cost, multiplied by the maximum cost estimate points available (50).

WCI, Inc. will select the Offeror that offers the best overall value, including consideration of the technical evaluation, cost evaluation, schedule proposed for providing Auction Services, nature of any contract exceptions, among other factors.

## **APPENDIX A: STATEMENT OF WORK**

This Statement of Work (SOW) describes the services WCI, Inc. is seeking from experienced and qualified contractors to design, develop, test, and conduct Auction Services for joint multi-jurisdiction and jurisdiction-specific greenhouse gas (GHG) allowance auctions, as well as for jurisdiction-specific allowance sales from the California Allowance Price Containment Reserve and the Québec Allowance Reserve, as required by regulations governing the California Cap-and-Trade Program and Québec Cap-and-Trade System. The Québec Cap-and-Trade System uses the term Sale by Mutual Agreement to describe sales of GHG allowances at a fixed price. For simplicity, throughout this document, a California Reserve Sale and a Québec Sale by Mutual Agreement will be referred to as a reserve sale. The tasks to be undertaken to provide these services are described below.

### **Task 1 – Develop Final Work Plan and Schedule**

The Contractor shall develop a draft Work Plan that indicates how the Contractor intends to execute each task and how the Contractor will interact with WCI, Inc. and Participating Jurisdictions. The schedule for completing each task element must be provided. Upon receipt of the draft Work Plan, WCI, Inc. and the Participating Jurisdictions shall review the Work Plan and provide comments to the Contractor on the strengths and weaknesses of the draft Work Plan in terms of meeting the requirements laid out in the SOW. Upon receipt of the comments, the Contractor will finalize the Work Plan for approval by WCI, Inc.

#### *Deliverables:*

Draft Work Plan	Two weeks after contract initiation
Final Work Plan	One week after receipt of comments

### **Task 2 – Design, Develop, and Document Auction Tools and Services**

Under this task the Contractor, working collaboratively with WCI, Inc. and the Participating Jurisdictions, shall develop the primary internet-based tools to provide Auction Services, and shall provide the hosting needed to develop, test, troubleshoot, and use the internet-based tools. This task is divided into two subtasks: Subtask 2A: Auction Platform Design and Development; and Subtask 2B: Hosting Services.

#### **Subtask 2A. Auction Platform Design and Development**

The Contractor shall prepare design plans to guide the development of the internet-based tools necessary to administer auction and reserve sale events (events). Following approval of design plans by WCI, Inc. and the jurisdictions, the Contractor shall develop the internet-based tools per the approved plans to support Participating Jurisdictions' ability to hold joint multi-jurisdiction auctions, jurisdiction-specific auctions, and jurisdiction-specific reserve sales. Currently, jurisdictions conducting auctions and reserve sales include California and Québec.

Appendix B, Business and Technical Specifications, describes the capabilities required of the internet-based tools. Key attributes of the internet-based tools include:

- Account management for Participating Jurisdiction administrative personnel and personnel from other contractors providing auction-related services.
- Auction and reserve sale application process, including:
  - Account management for auction participants, including acceptance and use of data identifying Potential Applicants, Qualified Applicants, and Qualified Bidders.
  - Reconciliation of access to user and entity accounts with access to CITSS user and entity accounts.
  - Acceptance and delivery of applicant information for support of auction financial services and consideration of bidding limits.
  - Applicant approval or denial by Participating Jurisdiction administrative personnel.
- Auction and reserve sale bid entry, management, and monitoring, including:
  - Acceptance, editing, and removal of bids in single or multiple currencies through a participant bidding interface for the electronic submission of bids during the bidding period.
  - Secure maintenance of bid data.
  - Functionality to allow jurisdiction staff and market monitor staff to monitor auctions and reserve sales prior to the opening of a bidding period, during a bidding period, and following the close of a bidding period.
- Determination and reporting of auction and reserve sale outcomes, including:
  - Auction and reserve sale certification by Participating Jurisdiction administrative personnel.
  - Determination and reporting of the auction settlement price and the number of allowances awarded to entities for single jurisdiction and/or joint multi-jurisdiction auctions pursuant to California Cap-and-Trade Regulation Section 95911(e) and Québec Cap-and-Trade Regulation Division III, Section 52.
  - Determination and reporting of allowances awarded to entities for reserve sales, pursuant to the California Cap-and-Trade Regulation Section 95913(g).
  - Determination and reporting of allowances awarded to entities for sales by mutual agreement, pursuant to Québec's Cap-and-Trade Regulation Division IV, Section 61.
  - Determination and reporting of auction and reserve sale results and bid statistics for each Qualified Bidder in the appropriate currency(ies).
  - Determination and reporting of all participation and bidding statistics as required for administrative and monitoring purposes in single or multiple currencies.
- Customized auction and reserve sale reports available through a reports interface for jurisdiction administrators, supporting contractors, and participants.



- All Auction Services, websites, reports, and informational materials to be provided in the languages that support Participating Jurisdictions' needs; currently, English and French.

Design documents created by the Contractor may include various formats commonly used for systems or service documentation, such as flow charts, process charts, input-output diagrams, trigger-event diagrams, stories or narrative documents, and so forth. To ensure integration with other contractors, all data types and formats must be documented (i.e., text, numeric, date, and maximum number of characters).

The design plans shall be developed collaboratively with WCI, Inc. and jurisdiction staff. Throughout the design and development process, Contractor shall provide and present draft design documents for review and approval. Contractor shall maintain and provide documentation for all approved design plans. As development proceeds, Contractor shall document any deviations from approved design plans so that the documentation accurately describes the actual tools that have been developed. If any changes in functionality occur due to user acceptance testing (UAT) or if there are any differences in the final design than described in prior design documents, the Contractor shall document all approved changes and provide to WCI, Inc. and Participating Jurisdictions. Documentation is required to be provided in English. French text that is approved to be included in webpages or reports shall also be provided.

To help manage the schedule for development and deployment, Contractor shall develop and maintain a Master Release Plan with the timing of each production release of final code. The Master Release Plan shall include a schedule of activities that lead to final deployment, including the schedule for testing. For example, the Master Release Plan must specify plans for one or multiple releases of code to the UAT and Production environments (see Subtask 2.B for a more complete description of environments), showing the functionality that will be included in each release. The Master Release plan will enable jurisdictions to schedule testing and evaluation of code for promotion to the Production environment and use. Contractor shall provide the Master Release Plan for review and approval, and shall incorporate comments provided. Multiple release plan updates may be required during the project, e.g., to detail the final functionality planned for a new release.

To facilitate collaboration, the Contractor shall be an active participant in, and facilitator of, an Auction Technical Work Group comprised of Contractor, jurisdiction, and WCI, Inc. staff. Staff from the CITSS Contractor, the Financial Services Administrator and the Market Monitor Contractor may also participate as needed to support collaboration among contractors. The Work Group shall discuss and oversee all aspects of platform development, including design, development, and documentation.

The Contractor shall propose how best to use the Work Group to enable this task to be completed within the proposed schedule. The Work Group is available to meet regularly, for example, meeting at least weekly during development and testing, and twice per month thereafter. Contractor support to the Work Group shall include:

1. Facilitate and participate in Work Group meetings. The Contractor shall recommend topics for each meeting and circulate minutes and action items after each meeting.
2. Develop, maintain and present to the Work Group the Master Release Plan.
3. Develop and maintain design plans, including presenting the plans and any prototypes to the Work Group and incorporating written comments provided by the Work Group and action items resulting from Work Group meetings.

## **Subtask 2B. Hosting Services**

Under this subtask, the Contractor shall provide all necessary hosting services for the project.

The Contractor shall develop, implement, and maintain a Master Auction Services Hosting Plan that describes the approach and procedures for providing hosting services. The Plan and procedures shall be reviewed and updated annually, at minimum, and approved by WCI, Inc. prior to use. The Plan shall specify all hardware, software, automation tools, and services required to host environments for the development, testing, and demonstration of internet-based tools, as well as a production environment. Other key elements of this Plan include:

- The Contractor shall provide all of the central data processing resources, including system architecture, hardware, software, automation tools, and services necessary to meet the Auction Services operating requirements.
- The Contractor shall provide email capabilities that allow notifications from the Auction Services to end users, administrators, and other appropriate parties.
- The Contractor shall provide a minimum of three working environments described below to support all necessary services.
- The Contractor shall provide hosting site redundancy, located in separate geographic locations in the United States or Canada that are unlikely to be affected by a single natural disaster. This redundant hosting must support redundancy in application and data that will adhere to all Service Continuity and Disaster Recovery requirements defined by the System Security Plan (see Task 6) and meet agreed upon service levels.
- The Contractor shall describe the methods used to provide the required production and non-production environments to meet the service requirements.

The Contractor shall provide, at a minimum, three (3) internet-based working environments available to WCI, Inc. and jurisdiction staff:

1. UAT: One environment will be used strictly for UAT to allow WCI, Inc. staff, jurisdiction staff, and personnel from other WCI, Inc. contractors supporting auction and reserve sales to test and confirm that design and Business and Technical Specifications are being met. The UAT environment will allow for testing of the design and development of functionality, prior to the code being accepted for promotion to Production.
2. Pre-Production: An environment for Pre-Production shall be created such that it mirrors the Production code but does not contain any data specific to actual

users or entities participating in auctions or reserve sales. This pre-Production environment will be used after code has been accepted, and shall be maintained throughout the course of the contract to allow for troubleshooting and demonstration.

3. Production: An environment shall be established to store actual Production code and data. This is the primary environment used to support the set-up, conducting of operations, and reporting for auctions and reserve sales.

Additional environments for use by the Contractor may also be needed to ensure that development, testing (e.g., unit and functional testing, quality assurance testing, UAT), demonstration and a Production environment can support simultaneously occurring activities. It is possible that an environment initially used for development or testing could be used subsequently as a troubleshooting environment.

Environments provided by the Contractor may include a combination of physical and virtual environments. If the Contractor proposes use of virtualized environments, the solution must support the architectural constructs of a three-tiered solution with the application layer and the database layer being virtualized by separate and dedicated physical servers. If virtualization or shared hosting is proposed, the Contractor must implement security requirements specific to virtual machine environments as described in Task 6 below.

WCI, Inc. would also like to note that it is contemplating integrating the auction and reserve sale application process into CITSS (the application process is outlined more fully in Appendix B). For purposes of this RFP, Offerors should assume that the auction application process will be part of the services provided by the Contractor. WCI, Inc. will discuss the advantages and disadvantages of the various options with the successful Offeror at project kickoff.

The Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

- Draft Design Plans
- Final Design Plans
- Revised Final Design Plans
- Master Release Plan, including updates as needed
- Master Auction Services Hosting Plan
- Provision of Hosting Services
- Provision of UAT Working Environment
- Provision of Pre-Production Working Environment
- Provision of Production Working Environment

### **Task 3 –Testing and Troubleshooting**

The purposes of this task are to: test the internet-based tools and related services developed in Task 2 prior to public use; and develop appropriate troubleshooting procedures. All testing and troubleshooting will utilize the working environments provided under Task 2. This task is divided into two subtasks: Subtask 3A: Testing; and Subtask 3B: Troubleshooting.

### **Subtask 3A. Testing**

The Contractor shall fully test all services and allow for WCI, Inc. and jurisdiction testing prior to release to Production. Testing shall be planned and coordinated such that testing can concurrently occur with continuing development so as not to delay the overall development timeline. Also, the scheduling must ensure that the troubleshooting environment is available using the exact version of the current Production code following each release.

Depending on development systems used, testing terms may vary, but in general the following types of testing must be conducted on all internet-based tools and related services developed under this project or proposed for use.

- Unit Testing: Unit testing must be conducted to test specific units of functionality.
- Integration Testing: Integration testing must be conducted to test specific units of functionality in combination (e.g., testing a series of functionalities together or testing a combination of systems together).
- Functional Testing: Functional testing must be conducted to confirm if the functionality is correct and consistent with the services design documentation and that functionality meets the Business and Technical Specifications.
- Quality Assurance Testing: Quality assurance testing must be conducted to include end-to-end functionality testing (i.e., testing of the entire application or service), or regression testing to ensure all functionality is evaluated and confirmed to meet approved designs and the Business and Technical Specifications prior to any release to the User Acceptance Testing (UAT) environment.
- User Acceptance Testing: UAT is done by WCI, Inc. and jurisdiction staff to verify that the functionality is correct and consistent with the approved design documents and each jurisdiction's regulatory requirements, and that services meet the Business and Technical Specifications. The Contractor shall assist in the development of UAT plans and coordinate with WCI, Inc. and jurisdiction staff. Prior to initiating UAT, the Contractor shall provide written documentation to WCI, Inc. of all functionality that has been accepted in quality assurance testing and approved by the Contractor to be released for UAT.
- Vulnerability Assessments and Penetration Testing: A description of this testing is provided in Task 6 and shall be part of the System Security Plan.

In coordination with WCI, Inc. and jurisdictions, the Contractor shall facilitate UAT consisting of end-to-end functionality testing (i.e., testing of the entire application) according to user acceptance criteria agreed upon by the Contractor, WCI, Inc. and jurisdictions. WCI, Inc. representatives, jurisdiction staff, and personnel from other WCI, Inc. contractors that support auction and reserve sales will be provided access and the ability to participate in end-to-end UAT. The UAT environment must allow WCI, Inc. and the jurisdictions to simulate auction or reserve sale test scenarios that are similar to actual events with the same number of applicants and bid scenarios.

## 1. Testing User Roles

Depending on the event type being tested, whether multi-jurisdiction joint auction, jurisdiction-specific auction, or jurisdiction-specific reserve sale, the Contractor shall set up accounts for each of the necessary user roles, including participant roles and administrative roles for the Auction Administrator, Jurisdiction Administrators, the Financial Services Administrator, and the Market Monitor Contractor. WCI, Inc. and the jurisdictions shall be provided accounts representing all roles in the testing environment to ensure that auction tools function properly and meet respective jurisdiction's program requirements.

## 2. Process for Resolving Issues Found in UAT

WCI, Inc. and the jurisdictions will document issues and findings discovered in UAT that are not consistent with the approved design documents, Business and Technical Specifications, and/or jurisdictions' regulatory requirements. Documentation of test findings will be submitted to the Contractor for resolution, including, but not limited to, the following examples:

Issue or Finding Level	Definition and Examples	Timeline for Resolution
Critical	Urgent issues that have major effect and UAT has to be halted. <ul style="list-style-type: none"> <li>Inability to access Auction Services</li> <li>User test roles not properly assigned to entities.</li> </ul>	Prior to continuation of UAT.
High	Important issues that affect multiple users, areas, or major functionality, but UAT is able to continue with a work around. Issues that are not acceptable to move to Production: <ul style="list-style-type: none"> <li>Settlement price determination errors.</li> <li>Failure to accept manual bids or bid upload.</li> </ul>	Prior to consideration of UAT being promoted to Production.
Medium	Issues that can be looked into with normal priority. Work around process is available. <ul style="list-style-type: none"> <li>Report generation not automated.</li> <li>Webpage table not sortable.</li> </ul>	Based on discussion and mutual agreement.
Low	Minor issues that can be looked into when time allows. <ul style="list-style-type: none"> <li>Incorrect text and report titles.</li> </ul>	Based on discussion and mutual agreement.

## Subtask 3B. Troubleshooting

Once the internet-based tools and related services have passed the testing phase in the UAT environment, the Contractor must provide authorized jurisdiction staff access in the

pre-Production environment. Jurisdiction staff will use this access to investigate and diagnose concerns or problems reported by stakeholders and users.

Access in the pre-Production environment shall enable authorized jurisdiction staff to take on the roles of Participants, Jurisdiction Administrators, Financial Services Administrators, and Market Monitor Users. This access must be limited to troubleshooting activities only, and must not provide access at any level to any Jurisdiction or Participant User data.

### **Process for Resolving Issues Found in Auction Services Production Environment**

WCI, Inc. and jurisdiction staff will document any issues and findings that are not consistent with the Business and Technical Specifications and jurisdictions' regulatory requirements. Contractor support during the troubleshooting phase will include analysis, reporting, and resolution of incidents, as defined below. During auction and reserve sale events, timely resolution of issues and findings is required to ensure that the events can be completed in conformance with program regulations and requirements. Offerors are requested to describe the manner in which troubleshooting can achieve the timely and effective response required.

Any issues or findings related to Auction Services discovered by or reported to the Contractor, WCI, Inc., or jurisdiction staff shall be shared with all parties through established processes for resolution using the following categories described below:

### **Issues or Findings Definitions**

1. Severity 1:
  - a. A defect with a direct security impact on Auction Services that compromises sensitive data or allows access to functions outside of specified user permissions; or
  - b. A defect in Auction Services, for which there is no reasonable workaround, rendering services completely unavailable to all system users.
2. Severity 2:
  - a. A defect in Auction Services that substantially degrades the performance of services; or
  - b. A defect in Auction Services for which there is no reasonable workaround, which restricts the use of one or more features of Auction Services to perform necessary business functions for at least one User, but does not completely restrict use.
3. Severity 3:
  - a. A defect isolated in Auction Services for which there is a workaround, that restricts the use of one or more services for one or more Users to perform necessary business functions; or
  - b. A defect isolated to Auction Services, which causes some functional restrictions but does not have a critical or severe impact on operations.
4. Severity 4:
  - a. A minor defect that does not significantly impact operation; or
  - b. An anomaly in Auction Services that does not substantially restrict the use of one or more services to perform necessary business functions.



5. Defect:
  - a. An error, flaw, or mistake in the services available in the Production environment that does not meet an agreed upon design requirement, but does not compromise sensitive data nor allows access to functions outside of user permissions.

Other key parameters for resolving issues found in the Auction Services Production Environment include:

1. Business Hours:
  - a. 7:00 a.m. to 4:00 p.m., Pacific Time, Monday through Friday.
2. Response Time:
  - a. The time by which the Contractor will acknowledge receipt of the incident and provide a summary description of the initial analysis to be undertaken.
3. Status Updates:
  - a. Verbal or written communication of the actions being taken, any progress made towards resolving the issue, and targeted resolution time.
4. Targeted Resolution Time:
  - a. The time by which the Contractor will identify the defect and:
    - i. Fix the defect;
    - ii. Provide a temporary fix; or
    - iii. Provide a workaround.

A summary of targeted incident reporting and resolution performance parameters is provided below:

Severity Level	Initial Time Response	Status Updates	Targeted Resolution Time
Severity 1	<u>Business hours:</u> One (1) hour  <u>Non-business hours:</u> Beginning of next business day and then following business hour guidelines	<u>Business hours:</u> Every two (2) hours  <u>Non-business hours:</u> Beginning of next business day and then following business hour guidelines	Within three (3) calendar days of initial response if during open auction or reserve sale. Time may be reduced if the defect is identified within three (3) business days of a scheduled auction or reserve sale.
Severity 2	<u>Business hours:</u> Four (4) hours  <u>Non-business hours:</u> Beginning of next business day	<u>Business hours:</u> Once a day in the morning  <u>Non-business hours:</u> Beginning of next business day	Within five (5) calendar days of initial response if during open auction or reserve sale. Time may be reduced if the defect is identified within three (3) business days of a scheduled auction or reserve sale.
Severity 3	One (1) business day	As communicated in the initial response	As agreed upon by the Auction Technical Work Group.



Severity Level	Initial Time Response	Status Updates	Targeted Resolution Time
Severity 4	One (1) business day	As communicated in the initial response	As agreed upon by the Auction Technical Work Group.

The Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

- Draft Memo Describing Initial Testing Results for each round of UAT
- Final Memo on Testing Results for each round of UAT
- Draft Memo Describing Initial Troubleshooting documenting each set of troubleshooting activities
- Final Memo on Troubleshooting Results and Resolution of Issues following each set of troubleshooting activities

#### **Task 4 – Develop Processes and Procedures for Auction and Reserve Sale Services**

The purpose of Task 4 is to develop the processes and procedures to successfully utilize the internet-based tools and related services, and to prepare the necessary written materials to document these processes and procedures. These processes and procedures must be developed to fully describe user management of accounts, set up of events, conduct of operations, determination of settlement price and allowance awards, and completion of reporting for auction and reserve sale events. Processes and procedures should describe the administrative and service related activities required by WCI, Inc., jurisdiction staff, and other contractors to conduct and audit an auction or reserve sale.

This task focuses on the procedures to use the internet-based tools, not processes or procedures related to the design of the internet-based tools as this information would be captured in the design documentation. Examples of procedures would include the process of how data is transmitted from WCI, Inc. or jurisdiction staff to set up an event, or how data is transmitted to establish respective holding limits and purchase limits prior to an auction.

##### **A. Processes and Procedures Documents**

The Contractor shall provide documents describing the necessary processes and procedures the Contractor, WCI, Inc., jurisdiction representatives, and other contractors use to conduct and operate auctions and reserve sales. The documents should narrate the daily activities required to set-up, conduct operations, and complete reporting for an event. Separate documents may be created for the processes and procedures required to conduct and hold an auction as compared to a reserve sale and, similarly, for a jurisdiction-specific auction as compared to a multi-jurisdiction joint auction.

The Contractor shall describe both the Contractor and administrative staff duties and responsibilities. The Contractor must outline the specific tasks to be completed for

functionality to occur properly as prescribed in the design work. The Contractor must coordinate with the Financial Services Administrator, and Market Monitor Contractor as needed, and integrate procedures for the coordination of all parties, pre- and post-auction and reserve sale, to ensure that services are provided in an effective and sufficient manner, per WCI, Inc. approval.

Examples of specific process and procedures requiring documentation include, but are not limited to, the following:

- Establishing Participant, Jurisdiction, Financial Services, and Market Monitor Auction Services User Accounts.
- Establishing User Account Management Processes (Password and Security Question Requirements, Resetting Passwords and Security Questions, Account Restrictions, Account Deactivation, etc.).
- Auction or Reserve Sale Set Up Processes.
- System maintenance downtime, including, but not limited to notification and status notifications for all downtime incidents.
- Opening of an Auction or Reserve Sale Bidding Period.
- Procedures to manage a State of Emergency (e.g., power outage or natural disaster creating barrier to bidding or monitoring).

Processes and procedures may be revised or updated over time and the documentation must be updated to reflect the current actual operations required to conduct a joint multi-jurisdiction auction or jurisdiction-specific auction or reserve sale.

The Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

- Draft Processes/Procedures Documents
- Revised Processes/Procedures Documents incorporating comments
- Updated Processes/Procedures Documents as required.

## **Task 5 – Auction and Reserve Sale Set Up, Operations, and Reports**

The purpose of this task is to provide the tools and services necessary to set up, run, and finalize the auction and reserve sale events. Task 5 includes the activities required to establish and manage user accounts, and to set up, conduct, operate, monitor, and provide reports for auctions and reserve sales. This task includes using the internet-based tools designed and developed in Task 2, tested in Task 3, and administered based on the processes and procedures developed in Task 4. The Contractor shall provide the staff and resources needed to execute the Contractor's roles in the processes and procedures defined in Task 4, including supporting troubleshooting during the auction and reserve sale events as described in Task 3, and hosting as described in Task 2.

This task is divided into three subtasks: Subtask 5A: Set-Up and Conduct Operations; Subtask 5B: Support Services; and Subtask 5C: Reporting.

## **Subtask 5A. Set-Up and Conduct Operations**

Auctions and Reserve Sales to be conducted in 2016 through 2020 include the following:

- Conduct a maximum of four (4) quarterly joint auctions per year or eight (8) jurisdiction specific auctions per year. Auctions are anticipated to be conducted as multi-jurisdiction joint auctions. The Contractor must be able to conduct one (1) joint auction or two (2) jurisdiction-specific auctions each quarter. If jurisdiction-specific auctions are held, the number of events will increase accordingly and the Contractor must be able to support simultaneously occurring jurisdiction-specific auctions.
- Conduct a maximum of eight (8) jurisdiction-specific reserve sales per year—four (4) California reserve sales and up to four (4) Québec reserve sales per year. Reserve sales for CA are scheduled quarterly. Reserve sales for QC are scheduled as needed, and may be less than quarterly.

In some cases, an auction or reserve sale that is scheduled to occur may not be held due to a jurisdiction not receiving any Qualified Applicants or approving any Qualified Bidders. This may result from no applications being submitted or no Applicants meeting the qualification criteria. This is not anticipated for auctions, but may be common for reserve sales. Procedures, system design, and associated costs should reflect the varying level of activity associated with the potential for an event that is scheduled but not held and possibly closed before all steps are completed.

Task 5 must be conducted in accordance with the jurisdiction's regulatory requirements (i.e., currently, California Cap-and-Trade Program and Québec Cap-and-Trade System) and the Business and Technical Specifications (Appendix B).

## **Subtask 5B. Support Services**

The Contractor shall provide adequate support services for Entities participating or interested in participating in an auction or reserve sale. At minimum, adequate support services include the following features: a demonstration process (e.g., a practice auction), support staff available to answer basic email and phone inquiries related to the use of the internet-based tools, instructional materials that describe the use of the internet-based tools, and if appropriate, assistance with training webinars and additional outreach.

Support Services, including support staff, are critical for excellent customer service. However, to date WCI, Inc. and the jurisdictions have found this service is minimally used. Recent service statistics illustrate the services levels that may be anticipated. For a recent quarter, California received approximately fifty (50) support related inquiries or questions concerning the auction internet-based tools. These fifty (50) inquiries included a total of three (3) events: two (2) reserve sales that were scheduled but not held and one (1) successfully conducted auction.

Auction and reserve sale support services have most often been in the following categories:

- Forgot password or user name

- Assistance with bid upload spreadsheet use
- Assistance as to how to confirm bids were successfully submitted
- Assistance with submittal of bid guarantee/payment (generally referred to the Financial Services Administrator)

## **A. Support Services: Support**

1. In order for all Entities to participate successfully in auction and reserve sale events, the Contractor will need to provide a demonstration process for all users to become familiar with the Auction Services. The Contractor, WCI, Inc., and Partner Jurisdictions will collaborate to determine the most effective process for demonstration, for example, a practice auction or an environment accessible to users to demonstrate the auction application (e.g., a sandbox environment). The Offeror must propose a demonstration process in the Work Plan and Schedule outlined in Task 1 and include any related costs in Table B-4 in Appendix D.
2. The Contractor shall provide live telephone support and the ability to accept and respond to inquiries via email. Contractor shall only provide information on the use of the internet-based tools. All other inquiries (e.g., related to reporting requirements, financial settlement, etc.) shall be directed to jurisdiction staff.
3. The Contractor shall ensure support services staff are available nine (9) hours per day, Monday-Friday, excluding holidays that are recognized by both the U.S. and Canada. The hours of operation will be during normal business hours (7:00 a.m. to 4:00 p.m., Pacific Time, Monday through Friday). These hours of operation may be adjusted based on support services demand from users and other operational considerations, by mutual agreement between the Contractor and WCI, Inc. The Contractor will provide staffing as needed to ensure responses to any written or phone inquiries are completed in the timeframes outlined below.
4. Responses to inquiries shall be provided in the time frames provided below:
  - a. During an open bidding period: within thirty (30) minutes of receiving an inquiry and prior to the close of the auction or reserve sale bidding period.
  - b. During the last four (4) day period prior to the opening of the bidding period and on the day of certification of an auction or reserve sale: within two (2) hours of receipt of the message if received during normal business hours, or no later than one (1) hour after the start of the next business day if received after normal business hours.
  - c. At any other time: within one (1) business day.
5. If a question is submitted related to inaccessibility of the internet-based tools, unauthorized access, or any other security concern, WCI, Inc. and jurisdiction staff will be notified of the situation based on the process for resolving issues found in the Auction Services Production environment (see Task 3 for more detail).

## **B. Support Services: Language**

The Contractor shall provide support services in the primary language of each Participating Jurisdiction; currently, English for California and French for Québec. At minimum, support services should be provided in English and French for live telephone support, email correspondence, possible training sessions, and informational materials. For users requesting service in English, support shall be provided by personnel fluent in

general English (also known as Standard American English). For users requesting service in French, support shall be provided by personnel fluent in International French.

### **C. Support Services: Accommodations**

Support services must incorporate reasonable accommodations for disabled accessibility to support services.

### **D. Support Services: Documentation**

The Contractor shall make available to WCI, Inc., as requested, documentation of procedures and activities related to support services. The Contractor shall prepare materials, systems, procedures, and personnel for responding to inquiries, including:

1. Preparation of support scripts, question and answer templates, referral information, standard operation procedures, and related training materials to assist Entities participating or interested in participating in an auction or reserve sale.
2. A copy of all documentation to be used by support services staff is to be provided for approval by the jurisdictions, prior to use. Documentation should be kept up to date in accordance with the Processes and Procedures Documents and design documentation.
3. Preparation of Support Procedures that describe the manner in which the activities of support staff shall be performed, including (but not limited to): greeting callers; verifying the caller's identity; understanding users' questions and problems; providing accurate information to resolve users' questions and problems, including researching solutions; referring other inquiries to appropriate personnel identified by the jurisdictions; ending calls; returning calls; responding to email inquiries; and logging and summarizing inquiries in the support management and tracking system. Support procedures must be designed to protect user credentials. User passwords, including temporary passwords, will never be requested by support staff even for troubleshooting.

### **Subtask 5C. Reporting**

The Contractor shall develop Participant and Administrative User Reports that present related data and information in a formal, clear, and accurate manner. See Appendix B for a listing of all required reports.

In addition to the reports listed in Appendix B, the Contractor shall provide a written Auctions Operation Report for each event supported by the Contractor. The written summary shall include a narrative description and event-specific data similar to data provided in the User Reports. At minimum, the following items shall be included in the written summary for each event:

- A description of any issues encountered with Auction Services, date and time of occurrence, diagnosis of the cause of occurrence, actions taken for resolution, and date and time of resolution.

- The total number of Administrative Users and Participant Users with access to the event, reflecting any changes over time at critical points such as end of application period, opening of bidding period, certification, and closure.
- Auction Events Data: date and time of auction or reserve sale events and related data, including:
  - Date and time of auction and reserve sale events:
    - Date and time event established in system
    - Application period opened
    - Application period closed
    - Bid period opened
    - Bid period closed
    - Certification completed
      - Number of reports populated by report name and jurisdiction
    - Closure completed
    - Date and time of all automated emails sent
      - Number of Participant and Administrative Users receiving emails by jurisdiction

The Contractor will also report on all support activities during each auction or reserve sale event listed by contact, using report formats agreed upon and developed in preparation for providing support services. All contact via email with stakeholders will be copied to the respective jurisdiction. All questions specific to a jurisdiction's Cap-and-Trade programs and regulatory requirements must be directed to the specific jurisdictions for resolution within one (1) business day of receipt. The Contractor must provide a bi-weekly support summary to WCI, Inc. and the jurisdictions and include key details for each inquiry received such as the date, contact name, organization, phone number, email address, question, and action taken or response given.

Additionally, the support summary must provide comments specific to any resolution or corrective actions that can be taken to address frequently encountered issues to minimize the number of questions received. If needed, the Contractor may be requested to provide a recommendation for how to reduce the occurrence of frequently encountered issues.

The Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

Demonstration Process (e.g., Practice Auction)

Draft Support Procedures Manual

Revised Support Procedures Manual

Auction Services Support Summary, at least bi-weekly during an event

Participants and Administrative User Reports, as needed during an event

Auctions Operation Report



## **Task 6 – Prepare a System Security Plan**

The purpose of this task is to prepare and implement a System Security Plan to protect the confidentiality and maintain the security of all data obtained, received, created, and managed as part of the Auction Services. The Contractor shall prepare a System Security Plan describing the security approach for all proposed services. At a minimum, the System Security Plan shall conform with the security processes, practices, and requirements specified for each jurisdiction, and shall conform with industry standards and best practices for software security commensurate with the sensitivity of the project-relevant data (i.e., financial institution and banking industry practices). If standards vary across jurisdictions, the Contractor shall adopt the more stringent standard. The Offeror is requested to describe their approach for developing the plan, the methodology and standards that will be used, and the proposed content of the plan.

At a minimum, the System Security Plan shall address the following key parameters:

Data Classification: Protecting information assets is driven by a variety of considerations including legal, operational, financial, and other business requirements. They are classified according to the risks associated with the data being stored or processed. Data with the highest risk needs the greatest amount of protection to prevent compromise. The System Security Plan shall describe the data classification approach being used, and the classification applied to the data and systems being managed.

Information Security Risk Assessments and Testing: Information security risk assessments are an on-going process of discovering, correcting, and preventing security problems. The System Security Plan shall describe the approach for performing initial and ongoing risk assessment as part of the risk management process. These risk assessments will include vulnerability assessments and penetration testing. Vulnerability assessments will look for known vulnerabilities in the system and report potential exposures. Penetration testing will be conducted to actually exploit weaknesses in the system architecture or computing environment. The Security Plan must describe the criteria and frequency of penetration testing (e.g., prior to each release, annually).

Computer Networks and Data Security: The System Security Plan shall describe the strategy for computer network and data security and how the strategy minimizes the probability that the efforts of malicious activity will succeed. For instance, multiple layers of security may be used along with complementary technologies at each layer. Approaches may include, but are not limited to, deploying firewalls, intrusion detection and prevention tools, virus scanners, and content filtering at the perimeter to protect against external attacks, and in the internal network to protect against internal attacks. The Contractor shall also maintain all software, to the extent feasible, with the most current available hot fixes, service packs, updates, and patches. As needed, the Contractor shall implement security improvements or remediation in consultation with WCI, Inc. and the jurisdictions.

Identity Management and Infrastructure: The System Security Plan shall describe how the security solution will lay the foundation for an identity management infrastructure that includes providing users with role-based access controls.



Authentication and Authorization Services: The System Security Plan shall describe how authentication and authorization services will follow industry standards; such as the National Institute of Standards and Technology (NIST) 800-63 and NIST 800-95 Guides that accommodate different levels of authentication assurance and different user privileges. The System Security Plan shall describe how end users and administrators are authenticated to the IT infrastructure and Software products. It shall include information on how the IT Infrastructure and Software applications will manage the assignment of access rights for all levels of users, all modules, and all entities using the application. It shall also describe how the IT Infrastructure and Software applications will enable the enforcement of access policies such as strong password and password policy management including integration with authentication systems such as Lightweight Directory Access Protocol/Active Directory (LDAP/AD) and an Identity Management solution.

Electronic Auditing: The System Security Plan shall describe the electronic audit trails for system administration and user activities. For example, the capabilities shall include audit logging and analysis features and ensure the auction and reserve sale system captures an audit trail for all changes, additions, and deletions of data.

Data Transfer and Encryption Protocols: The System Security Plan shall describe the requirements for data transfer between WCI, Inc. or jurisdictions and the Contractor, as well as data transferred between the Contractor and other contractors for related services. The plan shall describe the encryption protocols that will be applied, which must conform with best practices for the classifications of data being managed.

Information Security Incidents Reporting: The System Security Plan shall describe how the Contractor will detect and report information security incidents. Contractor shall demonstrate that it will promptly investigate incidents involving loss, damage, misuse of project-related information assets, or improper dissemination of this information.

Disaster Recovery and Business Continuity Management Program: The Contractor shall demonstrate that it has a Business Continuity Management capability that provides processes supported by executive management and resources to ensure the appropriate steps are taken to identify the impact of potential losses, maintain viable recovery strategies and plans, and ensure the ability to continue essential functions during a business disruption or major catastrophic event. The System Security Plan shall describe the Contractor's capabilities that would protect the project-related information assets and limit the consequences of a potential loss of essential functions, and provide for the availability of information assets for the continued business needs for the proposed services.

The System Security Plan must be submitted within sixty (60) days of the effective date of this Agreement and an update must be submitted by January 15 annually thereafter.

## **A. Virtual Environments: System Security (if applicable)**

If virtualization of environments is proposed, the Contractor must ensure that the virtual environment includes the following security practices:

1. Maintaining the currency of operating systems and applications on all virtual machines (VM) and on the host.
2. Ensuring that the number of applications running on a dedicated host shall be kept to an absolute minimum (e.g., Apache must run on dedicated host, SMTP must run on dedicated host, DNS must run on dedicated hosts, etc.)
3. Ensuring each VM shall be firewalled and physically isolated from other VMs in other security tiers. Only allowed IP addresses and ports will be allowed through firewalls.
4. Ensuring network isolation to prevent VMs from connecting to each other if they do not need to interconnect. Inter-VM communication must use a separate network card on a different network address range.
6. Maintaining antivirus application for each VM and the host.
7. Using Internet Protocol Security (IPSEC) or other strong encryption for all communication between the hypervisor and the clients.
8. Prohibiting browsing the internet from the host computer.
9. Securing administrator and administrative accounts on the host computer.
10. Hardening the host operating system. Stopping or disabling unnecessary services.
11. Turning off or disabling un-utilized VMs on the host.
12. Securing the host computer to ensure that offline VMs are not accessible to unauthorized users.
13. Management interfaces (e.g., Hypervisor) must be isolated from user interfaces and must be accessed via a management Virtual Local Area Networks (VLAN).
14. Updating and keeping host hardware drivers current to optimize performance and eliminate vulnerabilities of outdated software.
15. Disabling hardware port technology that is not used on each VM.
16. Disabling USB for each VM.
17. Maintaining event log and security events for both the host machine and VMs.
18. Storage (e.g., SAN environment, etc.) cannot be shared between security tiers.
19. Ensuring each VM has a dedicated network interface card and IP address.
20. Ensuring acceptable hardware is limited to systems specifically designed to support virtual environments.
21. Operating each VM on a dedicated disk partition.
22. Using Network Access Control (NAC) as preferred process for network security.

## **B. System Security Reference Material**

At a minimum, the Contractor should refer to and incorporate the following requirements and specifications listed in the documents below in the System Security Plan:

- Government of British Columbia Office of the Chief Information Office (OCIO) Information Management/Information Technology (IM/IT) Standards Manual, Chapter 6 and Chapter 3
- Government of British Columbia Document Disposal Act
- United States Uniform Electronic Transactions Act

- United States Freedom of Information and Protection of Privacy Act
- Government of British Columbia Freedom of Information and Protection of Privacy Act
- Government of British Columbia Personal Information Protection Act
- Information Management Practice Manual. A Practice Manual for Managing Government Information as a Corporate Asset in the Ontario Public Sector.
- Government of Ontario Management and Use of Information & Information Technology (I&IT) Directive Management. Management Board of Cabinet. July 25, 2011 (as it applies to management of I&IT assets).
- Corporate Policy on Protection of Personal Information. Ontario Minister of Government Services. July 25, 2011.
- [An Act respecting the protection of personal information in the private sector](#), Government of Québec
- [An Act respecting access to documents held by public bodies and the protection of personal information](#), Government of Québec
- [An Act to establish a legal framework for information technology](#), Government of Québec

To ensure that the System Security Plan conforms to California's security requirements, the Contractor should also refer to the following sections of the State of California's State Administrative Manual (SAM Chapter 5300 - Information Security (Office of Information Security)) at: <http://sam.dgs.ca.gov/TOC/5300.aspx>.

- SAM Chapter 5305 Risk Management
- SAM Chapter 5320 Asset protection
- SAM Chapter 5330 Physical & Environmental Security
- SAM Chapter 5335.1 Information Integrity & Data Security
- SAM Chapter 5340 Access Control
- SAM Chapter 5350 Incident Management
- SAM Chapter 5355 Disaster Recovery Management

In addition, the Contractor should consider security requirements documented in the following standards:

- National Institute of Standards and Technology (NIST) and Federal Information Processing Standards (FIPS);
- North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) Standards;
- International Organization for Standardization Technical Report (ISO TR) 13569:2005 financial services industry information security program standards; and
- Federal Deposit Insurance Corporation (FDIC) Memo Financial Institution Letter (FIL) FIL-131-97 Security Risks Associated with the Internet.

The Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

- Draft System Security Plan
- Final System Security Plan, following receipt of comments
- Updated System Security Plan, as needed.

### **Task 7 – New Jurisdictions**

The purpose of this task is to add new jurisdictions during the performance of the Work if additional states or provinces join the current Participating Jurisdictions and require support from Auction Services. It is the responsibility of the Contractor to update the internet-based tools, materials, and procedures to accommodate the addition of new Participating Jurisdictions. All Auction Services should be designed such that new jurisdictions can be efficiently added in a cost-efficient manner, and without requiring extensive redesign or changes to existing services. If redesign or changes to existing services are required due to unique services needed by a New Participating Jurisdiction, these additional services will be discussed and budgeted for at that future time.

Under this task the Offeror is to provide a description of activities to be conducted, including proposed design plans and anticipated dates for completing design and development activities. Offerors must specify all materials needed to address the addition of new jurisdictions, including additional support resources needed and potential costs estimated with the addition of one or more new jurisdictions.

If new Participating Jurisdictions are added to the Auction Services, in addition to updating the design documentation and the Processes and Procedures Documents, the Contractor must also update training materials provided for the Auction Services as well as scripts, responses, the Support Procedures Manual and related informational materials that reflect the needs of new jurisdictions. Refer to Task 5: Auction and Reserve Sale Set Up, Operations, and Reports for reference.

Offerors should assume that any new jurisdiction follows the same format and approach used for California and Quebec. For bidding purposes the Offeror should assume only one new jurisdiction is being added to Auction Services. Any modifications required from this assumption at the time of adding a new jurisdiction(s) will be discussed with the Contractor at that time.

The Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined when a new jurisdiction is added.

Draft Plan to Add New Jurisdiction  
Final Plan to Add New Jurisdiction

### **Task 8 – Transition Out**

The purpose of this task is to address the need for a smooth transition of services at the end of the period of performance of the contract. The Contractor shall work with WCI, Inc. and another contractor(s) selected by WCI, Inc., if applicable, at the conclusion of the Contract to transition the services, including training and knowledge transfer. The Contractor shall provide materials and assistance to transition from the Contractor to a

new service provider. Task 8 shall be initiated upon the direction of WCI, Inc., but no later than four (4) months prior to the end of the Contractor's contract term. Task 8 activities shall include:

1. Preparation of a Transition Plan that describes the activities and materials used to provide Auction Services, the methods used to put them in place, and the plan for transitioning the service to a new provider.
2. Conference call and webinar to present the Transition Plan to WCI, Inc. and the new service provider.
3. Hand-off transition assistance during the transfer of Auction Services to the new service provider.
4. Electronic, editable copies of all materials developed to provide Auction Services, including process and procedure documentation, training materials, scripts, reference materials, related materials, and Support Procedures Manual. The electronic format for the materials shall be specified by WCI, Inc. to ensure compatibility with standard business software such as Microsoft Office. These materials shall be provided at a minimum of one (1) month prior to the end of the Contractor's contract term.
5. Data from the Auction Services management and tracking system that enables the logs and summaries of the support services, including support staff assistance provided under the contract, to be accessed using standard business software such as Microsoft Office. These materials shall be provided at the end of the Contractor's contract term.
6. The Transition Plan must describe a process to manage the transmission of all data to Partner Jurisdictions, or a new contractor, and the complete deletion of data from Contractor systems.

The Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be determined during the planning of the transition.

- Draft Transition Plan
- Final Transition Plan
- Copies of All Materials
- Data Necessary to Support the Transition

### **Task 9 – Other Activities as Directed**

The purpose of this task is to address the potential need by WCI, Inc. during the course of this contract to provide additional support directly related to this Statement of Work. The Contractor will undertake additional activities only when directed in writing by WCI, Inc. Upon receipt of any additional technical direction from WCI, Inc., the Contractor will prepare a memorandum providing its approach to the requested work and an estimate of the level of effort it will need to execute the work. The Contractor will not initiate any work until authorized by WCI, Inc. to do so.

The deliverables for this task will be determined when the work is specified.

## **APPENDIX B: BUSINESS AND TECHNICAL SPECIFICATIONS**

### **INTRODUCTION**

The purpose of this Appendix is to provide Offerors with an understanding of the tools and business processes that have supported the California and Québec auctions and reserve sales. Together, the functionality of the tools and the business processes conform to the regulatory requirements of the California and Québec programs, and support each jurisdiction's program management procedures.

WCI, Inc. expects to work with the Contractor and the Participating Jurisdictions to continue to improve the functionality of the tools and to streamline processes so that the programs' auctions and reserve sales are supported efficiently and effectively. The collaborative development and implementation approach emphasized in Appendix A is designed to enable and promote improvements. Consequently, while the descriptions in this Appendix are an important starting point for Offerors to understand the performance that is required, Offerors should also recognize that improved methods and approaches are welcome. Care is needed, however, to ensure that the services continue to: conform to the programs' regulatory requirements; support effective program management by the jurisdictions; and provide appropriate service to auction and reserve sale participants.

To provide a comprehensive understanding of necessary functionality and processes, the specifications in this Appendix are very detailed. The intent and purpose of the specifications can often be met with alternative approaches and methods. Offerors are encouraged to describe alternative approaches that can improve the efficiency and effectiveness of the services.

### **BUSINESS AND TECHNICAL SPECIFICATIONS**

The following are general project specifications:

- Administer auctions and reserve sales with no fees paid to the Contractor by the auction and reserve sale participants;
- Ensure the auction and reserve sale tools and services are clear, simple, and designed to minimize the risk of errors; and
- Present all internet-based Auction Services and related documents in a manner consistent in style, logo design, and format with all WCI, Inc. services and websites. The WCI, Inc. Style Guide and WCI, Inc. Color Palettes will be provided to the Contractor.

Security is an integral part of the Work. The Contractor shall achieve and maintain the security standards necessary to maintain the confidentiality of all data received and accepted to the Contractor throughout the performance of the Work.

## **Chapter 1: Administrative Specifications**

### **Section 1. Language Specifications**

- A. The internet-based tools will recognize and accept English and French language and keyboarding formats.
- B. Usernames will recognize English and French language and keyboarding formats.

### **Section 2: Single Sign-On Integration**

- A. WCI, Inc. is considering designing and implementing a single sign-on authentication with CITSS to streamline the user log-in process. Contractor should review and propose a single sign-on process for integration with CITSS for consideration. Until a single sign-on process is available, Contractor shall meet all user account access specifications related to establishment and management of passwords included in these specifications.

### **Section 3: Access Data Security Specifications**

- A. Access and data security should be based on best management practices, for example:
  - 1. Groups (roles) are used to assign permissions.
  - 2. Grant least privilege (granting only the permissions required to perform a task).
  - 3. Maintain event logs including Application and Security logs.
  - 4. Log all user events including successful and unsuccessful logon attempts.
  - 5. Users of the internet-based tools, systems, networks, applications and information must be individually identified and authenticated.
  - 6. Passwords or pass phrases must be lengthy and complex, consisting of a mix of letters, numerals and special characters that would be difficult to guess.
  - 7. Authentication information such as passwords, security logs, security configurations and so forth must be adequately secured against unauthorized or inappropriate access, modification, corruption or loss.
  - 8. Use multi-factor authentication.
  - 9. Require regular changing of credentials.
  - 10. After a predefined number of unsuccessful logon attempts or security questions response attempts, generate security alert and lock user account.
  - 11. After a predefined amount of time with inactivity, end user sessions.
  - 12. URL access management. Secure access to each URL address or webpage will be based on user role, without regard to whether the URL is requested via an interface or directly typed in to a browser.
  - 13. The URL for each webpage will use a secure hypertext transfer protocol (https), other than the Public Home Page.
  - 14. The URL of any User Private Page, or any https webpage, will be inaccessible by simply clicking on the browser's forward or backward buttons from any non-secure, http web page.

### **Section 4: Auction Services Account Establishment and Management**

- A. User Access Credentials



1. To gain access to the private content or private webpages of the internet-based tools, a User must establish an Auction Services account.
  2. Access to an Auction Services account requires establishment of security questions, a unique username, and password credentials.
- B. User access and account management must meet current best management practices for user credential authentication and include processes to manage invalid log-in attempts, simultaneous logins, and incorrect security question responses.
- C. Username
1. The internet-based tools must establish a process for a User to create a unique user name.
  2. Username specifications must meet current best management practices for user credential authentication based on strong authentication specifications.
- D. Password
1. Upon setting up an Auction Services account, Users will need to select a unique password that will be used to access the Private Pages.
  2. Password specifications shall meet current best management practices for user credential authentication based on strong authentication specifications such as a minimum of eight characters requiring upper and lower case, and use of special characters or numbers.
- E. Security Questions
1. Upon setting up an Auction Services account, Users will need to configure unique security questions and responses that will be presented anytime a password is forgotten, reset, or changed.
  2. Security questions and responses shall be based on strong authentication specifications.
  3. Other multifactor authentication processes may be proposed by the Contractor.

## **Section 5: User Account Password Management Specifications**

- A. Change Password Functionality
1. All Users will have the ability to change their password through the change password functionality.
  2. Change password functionality shall meet current best management practices for user credential authentication.
  3. Change password functionality shall require at minimum that the User: a) confirms their current username and password, and b) correctly answers at least one security question, prior to allowing the User to successfully change their current password.
  4. The change password functionality shall include automated communications (pop-up message or email) to indicate for Users where they are in the change password process, and a notification to indicate completion of the change password process.
- B. Forgot Password Functionality
1. All Users will have the ability to retrieve or reset their password through the forgot password functionality.
  2. Forgot password functionality shall meet current best management practices for user credential authentication.

3. Forgot password functionality shall require at minimum that the User: a) knows their current username, and b) correctly answers at least one security question.
4. Other multifactor authentication processes may be proposed by the Contractor.

C. Password Expiration

1. Passwords will automatically expire after a defined number of calendar days.
2. When logging in to the internet-based tools, the User shall receive a notification and be reminded prior to when their password will expire, and shall be provided the ability to reset their password proactively.
3. Expiring passwords can be changed prior to expiring, using the change password process.
4. If a password expires, upon attempting to log in, the User will be immediately notified with a pop-up message stating their password has expired, and the User will be prompted to create a new password meeting the password criteria.
5. The expired password may be reset using either the change password or forgot password functionality.

D. Jurisdiction Reset of Password and Security Questions

1. Reset of passwords and security questions by Jurisdiction Users shall be available in case a User cannot successfully reset their password.
2. If an Administrative User under contract with WCI, Inc. (Market Monitor (MM), Financial Services Administrator (FSA), and Auction Administrator (AA) Users) cannot successfully reset their password, then a Jurisdiction User password reset is required.
3. The internet-based tools will provide a Jurisdiction User the ability to access the Jurisdiction Reset process.
  - a. A Jurisdiction User can enter the first name, last name, or username of a User to search for a User's account.
4. A Jurisdiction User should also be able to search for a User by entering partial user data (i.e., first three letters of the User's name).
  - a. The results of a search will provide a list of usernames including the User's first name, last name, and username.
  - b. A Jurisdiction User can only reset the password and security questions of a Participant or Jurisdiction User that represents an Entity registered in the respective Jurisdiction User's jurisdiction (i.e., only a CA Jurisdiction User can reset the password of a Participant User that represents an Entity registered in the CA Cap-and-Trade Program) or a Jurisdiction User representing the same jurisdiction.
5. The Jurisdiction Reset process shall require a Jurisdiction User to take an action and confirm that action (i.e., by selecting a confirmation button).
6. If a Jurisdiction User has reset a User's password and security questions, then that User will receive an email with instructions on how to reset their password and security questions.
7. The password reset process shall be based on strong authentication specifications, such as a limited time window to reset a password.

E. Account Lock Out/Log Off

1. A User is locked out of an account for the following reasons:
  - a. Incorrect response to established security questions
  - b. Failure to enter the correct password – too many failed attempts.
  - c. Simultaneous Logins
  - d. Session Inactivity
2. Incorrect response to established security questions
  - a. After the third successive incorrect attempt to correctly answer a security question, the User is locked out of their account and immediately notified (pop-up message or email) by the internet-based tools of the lock out.
3. Failure to enter the correct password
  - a. A User receives a notification after each incorrect log in attempt identifying that either the password or username is incorrect.
  - b. After the third successive incorrect log in attempt, the User is locked out of their account and immediately notified (pop-up message or email) by Auction Services of the lock out.
4. Simultaneous Logins
  - a. For the first User logged in, a user message is presented upon indication of a simultaneous User and the first User is logged out.
5. Session Inactivity.
  - a. If a User is inactive for a period of ten (10) minutes or more on any page, then the User is logged out of their session and shall sign back in to their account for security reasons.
  - b. Administrative Users will not be logged out during open bidding periods.

## **Section 6: User Account Status and User Types**

- A. Auction Services' accounts will have a status that may be automatically updated based on Applicant data received through CITSS as described in Section 7 or by a Jurisdiction User. At minimum, account statuses will include:
  1. Active: User has the ability to log in to all internet-based tools pages.
  2. Inactive: User does not have the ability to view any internet-based tools pages, other than Public Home Pages. A user prompt message appears on the User's page upon attempting to log in, requesting that the User contact jurisdiction staff for further instruction.
- B. There will be five (5) user roles that will have access to the internet-based tools.
  1. Jurisdiction User: Administrative User
    - a. Jurisdiction Users will have the following permissions in the internet-based tools:
      - i. Access to the following interfaces: Public and Private Home Pages, Jurisdiction Administration, Monitoring, and Reports.
      - ii. Clear a User's password and security questions using the Jurisdiction Rest process.
      - iii. Download all Administrative reports.
      - iv. Provide auction and reserve sale setup information to the Auction Administrator.
      - v. View Applicant details.
      - vi. Monitor the bids in real time during the bidding period.

- vii. Flag/Unflag bids during and after the bidding period.
    - a. Enter comments associated with each flagging action (Assign Flag, Remove Flag).
  - viii. Exclude bids during and after the bidding period. Bids that are excluded will not be considered in the settlement price calculation. Once a bid is excluded, the status of the bid may still be changed until the settlement price determination process is completed.
  - ix. Certify auction or reserve sale results.
  - x. Approve/Reject an auction or reserve sale for certification or closure.
- b. Jurisdiction User roles will be based on the following business rules:
- i. Each jurisdiction will identify individuals to be provided Jurisdiction User roles in the internet-based tools. A Jurisdiction User may represent only one Jurisdiction.
  - ii. A Jurisdiction User role may be established separately for production and user acceptance testing (UAT) purposes.
  - iii. Once a Jurisdiction User account is activated, that Jurisdiction User will have access to information and records from all jurisdiction-specific events and joint events, past and present.
  - iv. A Jurisdiction User account shall be maintained until requested to be removed by the associated jurisdiction.
  - v. A Jurisdiction User shall have authority to act for all events associated with the Jurisdiction User's jurisdiction (i.e., a CA Jurisdiction User can act for a CA-only auction or a CA reserve sale or a joint auction).
  - vi. A Jurisdiction User shall have authority to comment or flag on any submitted bid.
  - vii. A Jurisdiction User shall have authority to exclude a bid only if the bid is submitted by an Entity registered under the jurisdiction they represent.
  - viii. A Jurisdiction User shall have authority to change account statuses from active to inactive and vice versa at any time for the following Users: Participant, AA, FSA, MM, or Jurisdiction Users. A Jurisdiction User shall have this authority only for Users representing an Entity registered under the jurisdiction they represent or for a Jurisdiction User representing the same jurisdiction.
  - ix. A Jurisdiction User will have access to view a listing of all current and past Participant and Administrative Users with approved access to the internet-based tools including the username, first name, last name, current status, and entity relationships and entity relationship status.
2. Auction Administrator (AA) User: Administrative User
- a. AA Users will have the following permissions in the internet-based tools:
    - i. Access to the following interfaces: Public and Private Home Pages, Monitoring (view only), and Reports.

- ii. Download all administrative reports authorized for AA role.
    - iii. Set up an auction or reserve sale event per the details and data received from a Jurisdiction User.
    - iv. Establish user access to the internet-based tools for Participant Users as described in Section 4.
    - v. Establish user access to the internet-based tools for Jurisdiction, FSA, and MM Users.
    - vi. Suspend or remove user access to the internet-based tools as requested by a Jurisdiction User.
    - vii. Suspend or remove user access in the internet-based tools to a specific Entity account as requested by a Jurisdiction User.
    - viii. Receive files from CITSS specific to Applicants.
    - ix. Upload purchase limit and holding limit information to the internet-based tools.
    - x. Pause and restart the bidding period.
    - xi. Run, and rerun if necessary, the settlement price calculation.
  - b. AA user roles will be based on the following business rules:
    - i. The AA and jurisdictions will identify individuals to be provided Auction Administrator roles in the internet-based tools.
3. Financial Services Administrator (FSA) User: Administrative User
- a. FSA Users will have the following permissions in the internet-based tools:
    - i. Access to the following interfaces: Public and Private Home Pages and Reports.
    - ii. Download all administrative reports authorized for FSA role.
  - b. FSA user roles will be based on the following business rules:
    - i. The FSA and jurisdictions will identify individuals to be provided FSA User roles in the internet-based tools.
    - ii. A Jurisdiction User will provide the names and emails of FSA Users to the Auction Administrator to establish Auction Services accounts.
    - iii. Once an account is activated, that FSA User will have access to information and records from all jurisdiction events conducted before and after approval of the FSA User.
    - iv. A FSA User account status once established shall be maintained as “Active” until revised at the request of a Jurisdiction User.
    - v. Once a FSA User account is revised to “Inactive” as requested by a Jurisdiction User, their Auction Services account shall remain inactive.
4. Market Monitor (MM) Users: Administrative User
- a. MM Users will have the following permissions in the internet-based tools:
    - i. Access to the following interfaces: Public and Private Home Pages, Monitoring, and Reports.
    - ii. Monitor the bids in real time during the bidding period.
    - iii. Flag/Unflag bids during and after the bidding period.

- a. Enter comments associated with each flagging action (Assign Flag, Remove Flag).
    - iv. Download all administrative reports authorized for MM role.
  - b. Market Monitor user roles will be based on the following business rules:
    - i. The MM and jurisdictions will identify individuals to be provided MM user roles in the internet-based tools.
    - ii. A Jurisdiction User will provide the names and emails of MM Users to the Auction Administrator to establish Auction Services accounts.
    - iii. Once an account is activated, that MM User will have access to information and records from all jurisdiction events conducted before and after approval of the MM User.
    - iv. A MM User account status once established shall be maintained as “Active” until revised at the request of a Jurisdiction User.
    - v. Once a MM User account is revised to “Inactive” as requested by a Jurisdiction User, their Auction Services account shall remain inactive.
5. Participant User
- a. A Participant User will have the following permissions:
    - i. Access to the following interfaces: Public and Private Home Pages, Participant User Bidding, and Reports.
    - ii. Ability to submit, edit, and delete bids during the bidding period (Qualified Bidder only).
    - iii. View access of the Participant Bidding interface after the bidding period closes (Qualified Bidder only).
    - iv. Download Participant User reports

## **Section 7: Entity Accounts**

- A. Auction Services’ Entity accounts will have a status that may be automatically updated based on Applicant data received by a Jurisdiction User. At minimum, accounts status options will include:
  - 1. Active: Entity is an auction or reserve sale Applicant based on CITSS data received, and may participate in auctions or reserve sales if deemed a Qualified Bidder.
  - 2. Inactive: Entity is not an auction or reserve sale Applicant based on CITSS data received (no longer listed in XML), or status changed by a Jurisdiction User, and may not participate in auctions or reserve sales.
- B. An Entity account is represented by multiple Participant Users.
- C. All Participant Users with a Participant User status of “Active” that are associated to an Entity (have an active Entity-relationship) may take action on the Entity account.

## **Section 8: Participant User Account Establishment and Management**

- A. Receive Applicant information from CITSS through an XML file to establish Participant User associations with specific Entities, and to establish Participant Users for each Entity who are eligible to access the internet-based tools for an entity.

- B. Each time a new XML file is processed, access to the internet-based tools shall be completely reconciled with access to CITSS. No access should be provided to any user not listed in the most recent XML file.

1. CITSS XML File Data

- a. For a joint auction, the internet-based tools shall be capable of accepting multiple, identically-formatted CITSS XML files (one for each jurisdiction), as well as a single CITSS XML file (containing the information for all Participating Jurisdictions).
- b. All CITSS XML files will be in English. XML data are received in the language of entry in CITSS.
- c. CITSS XML files are downloaded directly by a CITSS AA User. An AA User is jurisdiction specific.
- d. The jurisdiction for each Entity is identified by the first two characters of the Account Number field, of which the current values will be "CA" or "QC."
- e. The CITSS XML file is subject to change. Based on the present XML file, the XML file will include, at minimum, the following fields:<sup>1</sup>
  - i. Registered Name (Entity Legal Name)
  - ii. Trading Name (Entity Operational Name)
  - iii. Entity Status
  - iv. Incorporation State/Province
  - v. Incorporation Country
  - vi. Incorporation Date
  - vii. Place Issued [Required Field]
  - viii. Country Issued
  - ix. Physical Address
  - x. Address 1
  - xi. Address 2
  - xii. City
  - xiii. State/Province
  - xiv. Postal Code
  - xv. Country
  - xvi. Mailing Address
  - xvii. Address 1
  - xviii. Address 2
  - xix. City
  - xx. State/Province
  - xxi. Postal Code
  - xxii. Country
  - xxiii. Entity Type
  - xxiv. Organization Type
  - xxv. Individual Type
  - xxvi. NAICS Code / SCIAN Code
  - xxvii. Account Number [Required field]
  - xxviii. Account Type

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<sup>1</sup> The data transmitted is based on past reporting practices and includes data that is not specifically required in conducting the auction application process for the Auction Administrator. Some data is specifically provided for the Financial Services Administrator.



- xxix. Account Status
  - xxx. Account Representatives
  - xxxi. Rep Type
  - xxxii. First Name
  - xxxiii. Last Name
  - xxxiv. Email Address [Required field]
  - xxxv. Phone Number
- f. CITSS XML file may include the same User associated to multiple Entities.
- i. Auction Services accounts will support one to many Entity-relationships – one for each Entity the account user is authorized to represent. Each Entity-relationship will have a status that may be automatically revised based on Applicant data received in the XML file, or by a Jurisdiction User. Entity-relationship status options shall include at minimum:
    - a. Active (User may log in to represent the Entity in the internet-based tools.)
    - b. Inactive (User may not log in to the internet-based tools to represent the Entity; the User may still access their account and represent other Entities.)
- g. Upon acceptance of a new XML file, the following Account Management Activities will be conducted.
- i. Initiate New Participant User Account
    - a. If there is a new User (a User without an Auction Services account and who has never received an invitation to establish an Auction Services account), the User will receive an invitation to establish an Auction Services account.
    - b. If the potential Participant User establishes an Auction Services account, the User will be associated to each Entity they are listed under as a CITSS Primary Account Representative (PAR) or CITSS Alternative Account Representative (AAR) in the current XML file.
  - ii. Update Participant User Account Status
    - a. For any current Auction Services account with the Participant User not listed in the XML, the User account status will be changed to “Inactive.” If the Participant User attempts to log in to an inactive account, a notification error message will be presented.
  - iii. Update Entity-Relationships
    - a. For each active Auction Services account, the User account will be associated to each Entity they are listed under as a PAR or AAR in the current XML file.
    - b. For any current Auction Services Participant account with the User listed in the XML, but not associated to an Entity that they were previously associated with in the most recent prior XML file, the User will no longer have access to represent the Entity in the internet-based

tools. The Entity account (not listed in the XML file) will be otherwise not accessible by the User, and the Entity-relationship status will be changed to "Inactive." In a scenario where a User account is associated to multiple entities, the User account Entity-relationship may still remain active for other entities.

- h. CITSS Account Reconciliation: Account Management Activities will be conducted with each new XML file. This will occur daily during the application process prior to 9:00 AM Pacific Time. Additionally, this will occur, at minimum, prior to 9:00 AM Pacific Time on the days listed below to reconcile Auction Services account representative access with active CITSS accounts:
  - a. Date scheduled for Applicant approval.
  - b. Date of auction or reserve sale.
  - c. Date of auction or reserve sale certification.

### **Section 9: Entity Auction and Reserve Sale Eligibility**

- A. For auctions, any Entity listed in an XML file is eligible to participate and is a Potential Applicant.
- B. For reserve sales, any Entity with an entity type defined as a Covered Entity, Covered Source, or Opt-in Entity in the XML file is eligible to participate and is a Potential Applicant.

### **Section 10: Administrative User Account Establishment and Management**

- A. Jurisdiction, MM, AA, and FSA accounts are established only upon the request of a Jurisdiction User.
- B. Names and email addresses for each of the Administrative Users will be provided to the Auction Administrator by a Jurisdiction User.
  - 1. At any time, upon the request of a Jurisdiction User, an Administrative User will be invited to establish an Auction Services account.

### **Section 11: Auction and Reserve Sale Set Up**

- A. Auctions and reserve sales are to be established in the internet-based tools based on setup information received from a Jurisdiction User.
- B. Auctions shall be able to be set up allowing overlapping time frames including the potential for events to be conducted simultaneously.
- C. Auctions and reserve sales will be established based on the following business rules:
  - 1. A Jurisdiction User from any Participating Jurisdiction can request setup of a joint auction.
  - 2. A Jurisdiction User can request setup of a jurisdiction-specific auction or reserve sale for their respective jurisdiction only (i.e., only a CA Jurisdiction User can set up a CA-only auction).
- D. An interface or process is required to allow a Jurisdiction User to submit auction and reserve setup information to the Auction Administrator.<sup>2</sup>

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<sup>2</sup> The current process for providing auction setup information is for a Jurisdiction User to transmit a pre-defined spreadsheet by SFTP to an Auction Administrator User. Although there are no plans to revise this process, Offeror may propose to update this process in coordination with WCI, Inc., jurisdictions, and the developer and host of CITSS. An

1. The auction or reserve sale will be set up in the internet-based tools based on the setup information submitted.
- E. Auction setup information includes:
1. Auction Name [ALPHA NUMERIC]
  2. Auction Date [MM/DD/YYYY]
  3. Auction Application Date and Time (Open) [HH:MM MM/DD/YYYY]
  4. Auction Application Date and Time (Closed) [HH:MM MM/DD/YYYY]
  5. Bidding Period [HH:MM - HH:MM]
  6. Bid Guarantee Submission Deadline [HH:MM MM/DD/YYYY]
  7. Results Available Date and Time [HH:MM MM/DD/YYYY]
  8. Financial Settlement Payment Due Date and Time [HH:MM MM/DD/YYYY]
  9. Auction Type (joint or jurisdiction-specific, i.e., joint, CA-only, QC-only)
  10. Currency Accepted [ALPHA NUMERIC] (USD, CAD, or USD and CAD)
  11. Current Vintage Allowances Available [ALPHA NUMERIC]
    - a. For references specific to a vintage (as compared to Current or Advance Auction), the Current Vintage will be displayed as "Current Vintage." Current Vintage may include more than one type of vintage year allowances (e.g., Current Vintage may include current and previous year vintage allowances, such as 2014 and 2015).
  12. Other Vintage Allowances Available [ALPHA NUMERIC] (if applicable)
  13. Future Vintage Allowances Available [NUMERIC]
    - a. For references specific to a vintage (as compared to Advance Auction), as the Future Vintage includes only a single vintage, the vintage will be displayed as the year of the vintage, e.g., 2018.
  14. Annual Auction Reserve Price [NUMERIC]
    - a. The Annual Auction Reserve Price will be the same for the Current Auction and Advance Auction.
    - b. Jurisdiction-specific annual auction reserve prices in USD for CA and CAD for QC (both only for joint auction).
- F. Auction setup will require flexibility to allow for setup of auctions in addition to Current and Advance Auctions, as there may be a need to auction allowances of vintages other than the Current and Future vintage.
- G. Reserve sale set up information includes:
1. Reserve Sale Name [ALPHA NUMERIC]
  2. Reserve Sale Date [MM/DD/YYYY]
  3. Bidder's Conference Date [MM/DD/YYYY] (if applicable)
  4. Reserve Sale Application Date and Time (Open) [HH:MM MM/DD/YYYY]
  5. Reserve Sale Application Date and Time (Closed) [HH:MM MM/DD/YYYY]
  6. Bidding Period [HH:MM - HH:MM]
  7. Bid Guarantee Submission Deadline [HH:MM MM/DD/YYYY]
  8. Results Available Date and Time [HH:MM MM/DD/YYYY]
  9. Financial Settlement Due Date and Time [HH:MM MM/DD/YYYY]
  10. Auction Type (jurisdiction-specific, i.e., CA-only or QC-only)
  11. Currency Accepted [ALPHA NUMERIC] (USD or CAD)
  12. Tier 1 Allowances Available
  13. Tier 1 Base Price
  14. Tier 2 Allowances Available

- 15. Tier 2 Base Price
- 16. Tier 3 Allowances Available
- 17. Tier 3 Base Price

## **Chapter 2: Internet-Based Tools Specifications**

### **Section 1: Public Home Pages**

- A. The Public Home Pages provide a general description of auctions, reserve sales, auction and reserve sale processes, essential introductory information to Auction Services Users, general public information, and login access to other internet-based tools webpages.
- 1. The internet-based tools will provide separate Public Home Pages (URLs) for each jurisdiction.
  - 2. Users will be able to log in to the internet-based tools from any Public Home Page (i.e., jurisdiction-specific Public Home Page and from the other jurisdiction's Public Home Page).
    - a. Once logged in, Users will be taken to their respective Jurisdiction's User Private Home Page.
      - i. CA Users' Private Home Page will be available only in English.
      - ii. QC Users' Private Home Page will be available in French as default, but also include a language selection to switch the internet-based tools' access to English.
  - 3. The Public Home Pages for all jurisdictions will contain the following information:
    - a. Login section to provide authorized users access to the private pages of the internet-based tools.
  - 4. Link to Forgot Password feature: The Forgot Password feature allows Users who have forgotten their password to request a new one.
  - 5. Next Auction or Reserve Sale Scheduled:
    - a. This section displays the scheduled date and time for the next scheduled auction or reserve sale in clear text and/or a visual manner.
    - b. Annual Auction Reserve Prices and Auction Reserve Prices (in CAD and USD), Auction Exchange Rate (FX Rate), or Reserve Sale Tier Prices for next auction or reserve sale.
      - i. Additionally, the FX and Auction Reserve Price information will remain on a User's Private Home Page through certification of the auction and until closure or the opening of the next jurisdiction-specific event for which the Entity is eligible to participate, whichever occurs first.
  - 6. Logon Banners and Warning Notices
    - a. The Public Home Pages will include a logon banner informing potential Users of conditions of use consistent with provincial or state and federal laws.
    - b. Warning Notices are used for time-sensitive messages, (i.e., system down for maintenance).
    - c. Warning banners or notices will be on the Public Home Page only and are not presented once a User logs in to the system.

- d. A pre-approved warning notice or message will be presented if the system is unexpectedly down, such as: "WCI, Inc. GHG Allowance Auction and Reserve Sale Services are temporarily unavailable. We should be back on line shortly. Thank you for your patience."

B. CA Public Home Page

1. The California Public Home Page will be provided in English only, and will not include a language selection field to change the display to other languages.
2. If an Entity registered in a jurisdiction other than CA logs in through the CA Public Home Page, the User will be directed to the jurisdiction User's Private Home Page. If this is a QC User, the User will be directed to the QC User Private Home Page in French.
3. All documents and presentations will be presented in English only.
4. Next Auction or Reserve Sale Scheduled:
  - a. The scheduled date and time for the next scheduled auction or reserve sale in clear text and/or a visual manner.
  - b. Annual Auction Reserve Prices and Auction Reserve Prices (in CAD and USD), Auction Exchange Rate, or Reserve Sale Tier Prices will be displayed for the next auction or reserve sale.
    - i. Additionally, the FX and Auction Reserve Price information will remain on a User's Private Home Page through certification of the auction and until closure or the opening of the next event for which the Entity is eligible to participate, whichever occurs first.
5. If the next event is a CA-only auction or reserve sale:
  - a. The event will be displayed.
  - b. The Annual Auction Reserve Price, or tier prices, in USD will be displayed
6. If the next auction is a joint auction:
  - a. The auction event will be displayed.
  - b. The CA Annual Auction Reserve Price (in USD) and the QC Annual Auction Reserve Price (in CAD) will be displayed.
  - c. Both the Annual Auction Reserve Price and Auction Reserve Price and Auction Exchange Rate will be displayed in USD and CAD, upon approval of the Auction Reserve Price and confirmation by both jurisdictions.
  - d. An explanation will be prominently displayed as a message or banner to explain the Auction Exchange Rate and the Annual Auction and Auction Reserve Prices.
  - e. The Auction Exchange Rate and Reserve Price information will remain on the CA Public Home Page through certification of the auction and until closure or the opening of the next event set up, whichever occurs first.

C. QC Public Home Page

1. Default language is set to French.
2. All content including documents and presentations will be in French by default.

3. The QC Public Home Page will include a language selection field to allow view in English.
4. Upon selecting English on this page, system will translate the page content to English (this is not the same as leading them to CA's Public Home Page).
5. Upon selecting English on this page, all content including documents and presentations will be provided in English.
6. Informational materials will not be same as CA and will be unique to and consistent with QC program specifications.
7. If an Entity registered in a jurisdiction other than QC logs in through the QC Public Webpage, the User will be directed to the respective jurisdiction's Public Home Page.
8. Next Auction or Reserve Sale Scheduled:
  - a. The scheduled date and time for the next scheduled auction or reserve sale will be provided in clear text and/or a visual manner.
  - b. Annual Auction Reserve Prices and Auction Reserve Prices (in CAD and USD), Auction Exchange Rate, or Reserve Sale Tier Prices will be displayed for the next auction or reserve sale.
9. If the next event is a QC-only auction or reserve sale:
  - a. The event will be displayed.
  - b. Annual Auction Reserve Prices (in CAD) or Reserve Sale Tier Prices (in CAD) will be displayed.
  - c. Auction Exchange Rate and Reserve Price in USD will not be displayed, as only CAD is accepted.
  - d. If next auction event is a joint auction: see Chapter 2, Section 1.

## **Section 2: Private Home Page**

- A. The Private Home Page refers to a webpage accessible once a User is logged in. The Private Home Page provides the ability to move a User through an auction or reserve sale process, and will allow authorized Users to download reports.
- B. Access to the Private Home Page is provided for all Participant and Administrative user roles including Jurisdiction, FSA, MM, and AA Users.
  1. The Private Home Page can be accessed by a User with an active Auction Services account.
  2. Private Home Pages are specific to the type of User accessing the services; Participant, Jurisdiction, FSA, MM, or AA, Users.
    - a. A User will not be presented with any interfaces or pages for which he/she does not have authorized access based on their user role.
    - b. When a User is associated to multiple Entities, the User will need to select one account to represent at a time. To make a change to select a different Entity, a User shall take two actions, e.g., log off and log in by selecting a new account or select a new account and confirm selection.
- C. Jurisdiction User Private Home Page
  1. The Jurisdiction User Private Home Page will include the following:
    - a. Access to the following pages and interfaces: Public and Private Home Pages, Reports Interface, Monitoring Interface, and Jurisdiction Administration Interface.

- b. Access to templates and documents used by Participant Users during the bidding and financial services processes associated with an auction or reserve sale.
  - c. Access to download Administrative User Reports authorized for the Jurisdiction role for all current and prior events.
- D. Financial Services Administrator User Private Home Page
  - 1. FSA User Private Home Page will include the following:
    - a. Access to the following pages and interface(s): Public and Private Home Pages and Reports Interface.
    - b. Access to template documents used by Participant Users during the bidding and financial service processes associated with an auction or reserve sale.
    - c. Access to download Administrative User reports authorized for the FSA role for all current and prior events.
- E. Market Monitoring Private Home Page
  - 1. Market Monitoring Private Home Page will include the following:
    - a. Access to the following pages and interfaces: Public and Private Home Pages, Reports Interface, and Monitoring Interface.
    - b. Access to template and documents used by Participant Users during the bidding and financial services processes associated with an auction or reserve sale.
    - c. Access to download administrative reports authorized for the MM role for all current and prior events.
- F. Participant User Private Home Page
  - 1. The Participant User Private Home Page will include the following:
    - a. Access to the following pages and interfaces: Reports Interface and Participant Bidding Interface.
    - b. Access to templates and documents used by Participant Users during the bidding and financial service processes associated with an auction or reserve sale.
    - c. Access to download Participant reports.
    - d. The Entity Applicant Status will indicate the current status of the Applicant for any auction or reserve sale in progress based on information provided in the CITSS XML file and by jurisdictions: Applicant, Qualified Applicant, and Qualified Bidder.

### **Section 3: Participant User Application Process**

The following is a description of the Auction and Reserve Sale Application process and the options considered. As the application for an auction and reserve sale are the same, for simplicity, the term Auction Application is used to refer to the auction and reserve sale application process.

- A. Potential Applicant information from CITSS is received daily during an auction application period from sixty days to thirty days prior to an auction (from thirty days to twenty days prior to a reserve sale) and reconciles all Auction Services accounts and provides information to establish an Auction Services account to new Participant Users as described in Chapter 1, Section 8: Participant User Account Establishment and Management.



- B. Auction Application data is accepted through the internet-based tools by a Participant User(s), including:
1. The event in which the entity intends to bid.
  2. Confirmation of CITSS entity and account representative data.
  3. Information about the currency in which an entity will participate in the auction.
  4. Currency data accepted
    - a. For CA entities, an applicant does not select a bid guarantee currency. This data is defaulted to USD.
    - b. For QC entities, an applicant may select USD or CAD.
    - c. Information about the form of bid guarantee to be submitted, and return instructions.
      - i. Form of Bid Guarantee data accepted
  5. For CA entities, an applicant may select one or a combination of the following forms:
    - i. Cash in the form of wire transfer;
    - ii. An irrevocable letter of credit (LOC) from a financial institution with a United States (U.S.) banking license;
    - iii. A bond issued by a financial institution with a U.S. banking license;
    - iv. A Surety Bond issued by an institution named in the current list of "Surety Companies Acceptable in Federal Bonds" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department.
  6. For QC entities, an applicant may select one or a combination of the following forms:
    - a. Cash in the form of a wire transfer;
    - b. An irrevocable letter of credit (LOC) issued by a bank or financial services cooperative with a Canadian banking license;
    - c. A letter of guarantee (LOG) issued by a bank or financial services cooperative with a Canadian banking license.
  7. Bid Guarantee Return Instructions data accepted
    - a. If an applicant selects to submit a cash bid guarantee, the following bid guarantee return instructions are requested:
      - i. Will the Bid Guarantee be returned to a U.S. Financial Institution:
        - a. Yes
        - b. No
      - ii. If bid guarantee is returned to a U.S. financial institution, the following wiring instructions data fields would be required:
        - a. Beneficiary Bank Name
        - b. Beneficiary Bank ABA Routing Number
        - c. Beneficiary Account Name
        - d. Beneficiary Account Number
      - iii. If bid guarantee is returned to a non-U.S. financial institution, additional information is required, including:
        - a. Non U.S. Beneficiary Bank Name
        - b. Non U.S. Beneficiary Bank SWIFT Routing Number

- c. Non U.S. Beneficiary Account Name
      - d. Non U.S. Beneficiary Account Number
    - iv. The following wiring instructions data fields would be optional.
      - a. Payment Details
    - v. The following wiring instructions Financial Contact Information data fields would be optional:
      - a. Name
      - b. Company
      - c. Title
      - d. Telephone
      - e. Email
  - b. If an applicant selects to submit a physical bid guarantee (LOC, LOG, or Bond), the following bid guarantee return instructions are requested:
    - i. Name of a contact individual
    - ii. Complete street address for mailing
      - a. Return Address (shall be a physical address; no PO Box)
      - b. Return City
      - c. Return Zip Code
      - d. Return State/Province
      - e. Return Country
    - iii. Return Contact Phone Number
- C. Auction Application Submittal is completed data, including:
- 1. An attestation response
    - a. Accept "Yes" or "No" response.
  - 2. The attestation language presented is different for a CA entity and QC Entity.
  - 3. Confirmation of auction application submittal:
    - a. Date and time of application submittal is recorded.
    - b. Auctions Services sends an email to the PAR and all AARs representing Entity confirming auction application.
    - c. Once an auction application is submitted, a PAR or AAR will have the option to:
      - i. Print a copy of the entity's auction application.
      - ii. Review the entity's auction application.
      - iii. Cancel the entity's auction application.
      - iv. Edit the entity's auction application until the final deadline for application submittal.
- D. The entity auction or reserve sale applicant data is securely transmitted to the Financial Services Administrator including form and currency of bid guarantee to be submitted, and bid guarantee return instructions through the FSA Applicant Report.
- E. The Financial Services Delivery Instructions are securely received by download through the internet-based tools.
- 1. Financial Services Delivery Instructions for a CA entity include the following:
    - a. Financial Services Account Name
    - b. Financial Services Account Number
    - c. Wiring Instructions in USD:

- i. Name
  - ii. ABA Number
  - iii. SWIFT # for financial institutions outside of the US
  - iv. City
  - v. State/Province
  - vi. DDA Number
  - vii. Beneficiary
  - viii. Payment Details
  - ix. Port
- 2. Financial Services Delivery Instructions for a QC entity include the following:
  - a. Financial Services Account Name
  - b. Financial Services Account Number
  - c. Wiring Instructions in USD:
    - i. Name
    - ii. ABA Number
    - iii. SWIFT # for financial institutions outside of the US
    - iv. City
    - v. State/Province
    - vi. DDA Number
    - vii. Beneficiary
    - viii. Payment Details
    - ix. Port
  - d. Wiring Instructions in CAD
    - i. Intermediary Bank
    - ii. SWIFT INTERMEDIARY BIC
    - iii. IBAN
    - iv. Beneficiary Bank
    - v. SWIFT ACC at Institution
    - vi. Beneficiary Bank Account #
    - vii. Beneficiary Bank Account Name
    - viii. Payment Details
    - ix. Port
- 3. Financial Services Delivery Instructions for a CA and QC entity include the following:
  - a. Mailing Instructions for Letter of Credit and Bond forms:
  - b. Payable to Financial Services Administrator
  - c. Mailing Address:
  - d. Auction and Reserve Sale Financial Services Administrator
  - e. C / O Financial Services Administrator
  - f. Address 1
  - g. Address 2
  - h. City, State, Zip
  - i. Directions to include specific information when mailing or wiring funds and access to Financial Services Administrator and Jurisdiction staff contact information.
- F. Receipt of Financial Services data: the internet-based tools accept from the Financial Services Administrator financial services related auction application information, including:

1. Financial Services Account Number
  - a. Upon population of a Financial Services Account Number in the internet-based tools, the internet-based tools send an email to the PAR and all AARs representing Entity confirming a Financial Services Account has been established.
2. Bid Guarantee amount by type (Cash, letter of credit, bond, letter of guarantee)
  - a. Upon population of a bid guarantee amount and type(s) in the internet-based tools, the internet-based tools send an email to the PAR and all AARs representing Entity confirming a bid guarantee has been accepted and processed.
- G. The internet-based tools accept from a Jurisdiction User a determination to approve or reject participation in the auction for each Entity.
  1. The internet-based tools send an email to the PAR and all AARs representing Entity confirming the approve or reject determination.
- H. Auction Application Report: The internet-based tools provide an Admin Applicant Report and FSA Applicant Report for each event including all data described above.
  1. The Application Report is always available to include all data available throughout the auction application period.
    - a. Data in the Auction Application Report includes:
      - i. CITSS Application data
      - ii. Auction Application data
      - iii. Auction Application Submittal data
      - iv. Financial Services data

#### **Section 4: Bidding Limitations Data**

- A. Purchase Limits and Holding Limits (PL/HL) bidding limitations data for auctions are established for each Applicant (known as a Qualified Bidder once approved) based on data received from the Jurisdiction User(s).
  1. Final PL/HL data are determined by the Jurisdiction User and sent to the Auction Administrator using a pre-defined Excel spreadsheet through SFTP by the close of business, one business day prior to the scheduled auction.<sup>3</sup>
  2. All PL/HL files will be in English. Data is in language of entry into CITSS.
  3. PL/HL data received for each Applicant by a Jurisdiction User to the Auction Administrator for an auction includes:
    - a. Entity Legal Name
    - b. Entity Operating Name
    - c. CITSS Account Number
    - d. Purchase Limit Current Auction
    - e. Purchase Limit Future Auction
    - f. Holding Limit Current Vintage Allowances
    - g. Holding Limit Future Vintage Allowances
    - h. Date HL Values Last Updated

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<sup>3</sup> The current process for providing bidding limitations data is for a Jurisdiction User to transmit a pre-defined spreadsheet by SFTP to an Auction Administrator User. Offeror may propose to update this process in coordination with WCI, Inc., jurisdictions, and the developer and host of CITSS. An example update would be a direct interface to allow a Jurisdiction User to enter bidding limitations setup data.

- i. Time HL Values Last Updated
  - j. Once final PL/HL data is uploaded, the Participant User shall be able to view the limits specific to an Entity they represent.
- B. For a Reserve Sale, bidding limitations data received for each Applicant includes:
  - 1. HL data for reserve sales are established for each Applicant (known as a Qualified Bidder once approved) based on data provided by the Jurisdiction User(s).
  - 2. Final HL data are determined by the Jurisdiction User and submitted to the Auction Administrator using a pre-defined Excel spreadsheet through SFTP by the close of business, one business day prior to the scheduled reserve sale.
    - a. Entity Legal Name
    - b. Entity Operating Name
    - c. CITSS Account Number
    - d. Holding Limit Current Vintage Allowances
    - e. Date HL Values Last Updated
    - f. Time HL Values Last Updated
  - 3. There are no PL bidding limitations data for a reserve sale.
- C. For a joint auction, the internet-based tools will be capable of accepting identically-formatted PL/HL files (one for each jurisdiction), as well as a single PL/HL file (containing the information for all jurisdictions).
- D. Bid Guarantee Bidding Limitation
  - 1. Bid guarantee limits for auctions and reserve sales are established for each Qualified Applicant based on data provided by the FSA.
  - 2. Once a bid guarantee amount is uploaded, the Participant User shall be able to access the limits specific to an Entity they represent.

## **Section 5: Participant Bidding Interface**

- A. During an open bidding period, representatives of Qualified Bidders with active Auction Services accounts (Participant Users) will have access to the Participant Bidding interface and will be able to submit their bids.
- B. Participant User Language Defaults
  - 1. If a Participant User accesses the Participant Bidding interface from a previous page displayed in French, the Auction Services webpage content will default to French.
  - 2. If a Participant User accesses the Participant Bidding interface from a previous page displayed in English, the Auction Services webpage content will default to English.
  - 3. For QC Participant Users, a language selection will be available to allow a change from French to English or English to French.
  - 4. For CA Participant Users, a language selection will not be available or displayed.
- C. Participant Bidding Interface
  - 1. Prior to the bidding period opening, the interface will indicate the time remaining, displayed in hours and minutes, until the bidding period opens.
  - 2. The internet-based tools open the bidding period automatically by auto refresh based on the bidding start time received in the auction or reserve sale set up process.

3. After the bidding period has opened, an interface will indicate the time remaining in the bidding period displayed in hours and minutes.
4. The Participant Bidding Interface will provide a bidding period status indicator (Open or Closed).
  - a. Prior to the opening of the bidding period, the status indicator will be "Closed." The Status Indicator will provide clear text and a visual indication of the status of an auction or reserve sale (e.g., red button).
  - b. When the bidding period opens, the status indicator will be "Open". The Status Indicator will provide clear text and a visual indication of the status of an auction or reserve sale (e.g., green button) displaying the time remaining until the bidding period closes.
  - c. Once the time remaining until the bidding period closes reaches 00:00, the status will be "Closed."
5. Once the time remaining until the bidding period reaches 00:00 and the auction status is "Closed," no further bids can be entered, edited, or removed.
6. If a Participant User attempts to enter or edit a bid after the event bidding period is "Closed," an error message will be presented.

D. The Participant Bidding Interface for Auctions

1. The Bid Submission Interface will provide auction information including:
  - a. Annual Auction Reserve Prices and Auction Reserve Price (CAD and USD) for each auction (e.g., Current and Advance Auctions)
  - b. Total Allowances Offered (Current and Advance Auctions)
  - c. Bidding Entity information including:
    - i. Total Allowances Bid (Current and Advance Auctions)
    - ii. Total Bids Submitted (Current and Advance Auctions)
    - iii. Holding Limit Data (Current and Advance Auctions)
    - iv. Purchase Limit Data (Current and Advance Auctions)
    - v. Bid Guarantee Currency and Amount
  - d. The Bid Submission Interface will provide a process to submit bids by either adding bids manually one-by-one or by uploading a preformatted spreadsheet.

E. Auction Bidding (Participant User) - Submitting Bids

1. During the bidding period, bids can be submitted by representatives of Qualified Bidders (Participant Users) by either adding bids manually one-by-one or by uploading a preformatted spreadsheet based on the template available in the internet-based tools for that event.
2. To be accepted, a bid requires submittal and confirmation by taking an action (i.e., selecting a button).
3. The following information is required to enter a bid in an auction manually or through the bid upload process:
  - a. Currency
    - i. Only accept USD bids from a CA-Entity.
    - ii. Only accept CAD bids from a QC-Entity in a QC-only auction or reserve sale.
    - iii. Accept CAD or USD bids from a QC-Entity in a joint auction.

- iv. Accept a bid from a QC-Entity only if the bid currency is in the same currency of the bid guarantee submitted to the FSA by that Entity.
    - v. If the Participant User enters a currency that is not the same as the currency of the bid guarantee that was submitted and hits Enter, a user error message will be presented. The bid will not be accepted.
  - b. Bid Price
    - i. If the Participant User enters a bid price that is not in dollars and in whole cents and hits Enter, a user error message will be presented. The bid will not be accepted.
    - ii. If the Participant User enters a bid price that is less than the Auction Reserve Price in the currency of the bid submitted, a user error message will be presented. A bid price entered by a User below the Auction Reserve Price will not be accepted.
  - c. Bid Lots (quantity)
    - i. Bids are submitted in lots of 1,000 allowances.
    - ii. The Participant shall enter the desired number of bid lots for each bid.
    - iii. If the Participant enters a bid quantity that is not a whole number greater than zero and hits Enter, a user message will be presented. The bid will not be accepted.
  - d. Vintage
    - i. At minimum, Current and Future vintage allowances are available for sale in an auction.
    - ii. Only vintages offered for the auction may be selected for a bid by a Participant.
    - i. If the Participant enters a vintage that is not offered in the auction and hits Enter, a user message will be presented. The bid will not be accepted.
- 4. The Auction Administrator will accept up to 1,000 bids in a bid upload process.
  - a. The bid schedule upload process shall:
    - i. Accept up to 1,000 bids in a bid upload process.
    - ii. Request that the Participant User selects a file.
    - iii. Upload and process a selected file.
    - iv. Require the correct file format. If the file is not in the correct file format (xls or xlsx) or the correct data format (uploading a reserve sale file for an auction), then upload process will not be completed and a user error message will be presented.
    - v. Provide data on the file selected and number of bids to be uploaded.
    - vi. Request that a User confirm the correct file has been selected.
    - vii. Upon confirmation by the User, process the bid schedule upload. If the bid upload is successful, display the accepted bids in the bidding window.
  - b. The bid upload spreadsheet will be auction specific and will be available for download once the application period is open.



- c. The bid upload spreadsheet will contain cell protection for any field that is derived by calculations.
- d. The bid upload spreadsheet will include data validation and will present a user error message if any of the following conditions exist:
  - i. Currency selected is not correctly associated with auction.
  - ii. Bid price is not in dollars and whole cents.
  - iii. Bid lots (quantity) is not a whole number greater than zero.

5. Bid Acceptance

- a. Any bid meeting the following conditions will not be accepted and if included in a bid upload will result in failure of the bid upload process:
  - i. If a bid price is not equal to or greater than the Auction Reserve Price in the currency of the bid submitted.
  - ii. If Currency selected is not in the same currency as bid guarantee submitted.
  - iii. If a bid price is not in dollars and whole cents.
  - iv. If a bid lot (quantity) is not a whole number greater than zero.
  - v. If a bid vintage is not one offered for sale in the auction.
  - vi. If a bid submitted would result in a maximum value of accepted bids greater than the bid guarantee submitted, or an Entity exceeding its purchase limit, or an Entity exceeding its holding limit will not be accepted.
    - a. Bidding limitations will be determined as follows:
      - i. Assessed from bids ranked highest to lowest, a bid should indicate if 1) the Bid Guarantee Limit is violated, 2) if the Holding Limit is violated, and 3) if the Purchase Limit is violated.
      - ii. Bid Guarantee assessment during bidding period is based on bid prices submitted (cumulative allowances bid at bid price and all higher bid prices).
        - 1. As the Maximum Bid Value is not always at the lowest Bid Price, the Maximum Bid Value shall be assessed at each Bid Price to determine if the Maximum Bid Value at any submitted Bid Price exceeds the Bid Guarantee.
  - vii. An error message shall be presented stating the specific reason(s) a bid is not accepted, including the specific type of limit(s) exceeded (i.e., bid guarantee, purchase limit, holding limit).

6. Bid Identification

- a. Each bid entered manually or through a bid schedule upload will be identified with the following information:
  - i. Timestamp
  - ii. Bid ID. A unique ID identifying the bid.
  - iii. Entity Bid ID. A unique ID for the submitted bid used for Entity bid confirmation.

- iv. Bid Action ID. Each bid will have one or more unique Bid Action ID(s). Each bid action (manual entry, edit, or deletion, or schedule upload) will have a unique Bid Action ID associated to it.
  - b. The Participant Bidding Interface will provide details for each bid submitted including:
    - i. Bid ID
    - ii. Participant User (user name submitting bid)
    - iii. Entity Name
    - iv. Last Update Time (time bid was submitted or modified) - Time will be displayed to the second.
    - v. Entity Bid ID
    - vi. Bid Action ID
    - vii. Currency
    - viii. Vintage
    - ix. Bid Price (CAD).
      - a. Reported as “ – “ if a CA-Entity.
    - x. Bid Price (USD).
      - a. The bid price for all QC Entities submitting bids in CAD or USD will be displayed in both currencies.
    - xi. Total Allowances Bid
- 7. Auction Bid Review, Editing, and Removal
  - a. Participant Users will have the ability to review their bids before final submission.
  - b. The Participant Bidding Interface will accept manual edits to bids entered by Participant Users.
  - c. The Participant Bidding Interface will allow manual removal of each bid by a Participant User.
  - d. A bid edit or removal requires submittal and confirmation by taking an action (i.e., selecting a button).
  - e. No edits or removals will be allowed after the close of the auction bidding period.
  - f. The Participant Bidding Interface will allow identification of all bids with a specific Transaction ID, and removal of all bids submitted in the same transaction.
  - g. Bid Edit Acceptance
    - i. A bid edit will not be accepted if any condition resulting in rejection of a bid listed in the Bid Acceptance section specific to an auction are met.
- F. The Participant Bidding Interface for Reserve Sales
  - 1. Reserve sales are jurisdiction-specific and the Participant Bidding Interface will provide reserve sale information specific to the jurisdiction for which the event is being conducted including:
    - a. Tier (CA) or Category (QC) Prices
    - b. Total Allowances Offered in each Tier / Category
    - c. Qualified Bidder Information including:
      - i. Total Allowances Bid in each Tier / Category
      - ii. Total Bids in Each Tier / Category

- iii. Holding Limit Data
    - iv. Bid Guarantee Amount
  - d. A process to submit bids by either adding bids manually one-by-one or by uploading a preformatted spreadsheet.
- 2. The following information is required to enter a bid in a reserve sale manually or through the bid upload process:
  - a. Currency
    - i. The internet-based tools will accept USD bids only from a CA-Entity.
    - ii. The internet-based tools will accept CAD bids only for a QC-Entity.
    - iii. If the Participant User enters a currency that is not the same as the currency of the bid guarantee that was submitted and hits Enter, a user error message will be presented. The bid will not be accepted.
  - b. Tier / Category
    - i. Bids shall be entered from one of three predetermined tiers/categories (e.g., Tier 1, \$40, Tier 2, \$45, Tier 3, \$50).
  - c. Bid Lots (quantity)
    - i. Bids are submitted in lots of 1,000 allowances.
    - ii. The Participant User shall enter a number of bid lots per bid.
    - iii. If the Participant User enters a bid lots (quantity) that is not a whole number greater than zero and hits Enter, a user error message will be presented. The bid will not be accepted.
- 3. The Auction Administrator will accept up to 1,000 bids in a bid upload process.
  - a. The bid upload process shall:
    - i. Request that the Participant User selects a file.
    - ii. Upload and process a selected file.
    - iii. Require the correct file format. If the file is not in the correct file format (xls or xlsx) or the correct data format (uploading an auction file for a reserve sale), then upload process will not be completed and a user error message will be presented.
    - iv. Provide data on the file selected and number of bids to be uploaded.
    - v. Request that a Participant User confirm correct file has been selected.
    - vi. Confirm acceptance of the bids and display the accepted bids in the bidding window.
  - b. The bid upload spreadsheet will be reserve sale specific and will be available for download once the application period is open. A specific file will be available for each jurisdiction-specific reserve sale based, by default, on the currency accepted by each jurisdiction.
  - c. The bid upload spreadsheet will contain cell protection for any field that is derived by calculations.
  - d. The bid upload spreadsheet will include data validation and will present a user error message if any of the following conditions exist:
    - i. Currency selected is not offered in the auction.

- ii. Bid lots (quantity) is not a whole number greater than zero.
- 4. Bid Acceptance
  - a. Any bid meeting the following conditions will not be accepted and if included in a bid upload will result in failure of the bid upload process:
    - i. If Currency selected is not in the same currency as bid guarantee submitted.
    - ii. If a bid lot (quantity) is not a whole number greater than zero.
    - iii. If a bid tier / category is not one offered for sale in the reserve sale.
    - iv. If a bid submitted would result in a maximum value of accepted bids greater than the bid guarantee submitted, or an Entity exceeding its holding limit will not be accepted.
      - a. Bidding limitations will be determined as follows:
        - i. Assessed from bids ranked highest to lowest tier/category, a bid should indicate if 1) the Bid Guarantee Limit is violated, and 2) if the Holding Limit is violated.
        - ii. Bid Guarantee assessment during bidding period is based on bid tier prices submitted (cumulative allowances bid at each bid tier/category).
    - v. An error message shall be presented stating the specific reason(s) a bid is not accepted, including the specific type of limit(s) exceeded (i.e., bid guarantee, purchase limit, holding limit).

G. Reserve Sale Bid Identification

- 1. Each bid entered manually or through a bid schedule upload will be identified with the following information:
  - a. Timestamp
  - b. Bid ID. A unique ID identifying the bid.
  - c. Entity Bid ID. A unique ID for the submitted bid used for Entity bid confirmation.
  - d. Bid Action ID. Each bid will have one or more unique Bid Action ID(s). Each bid action (manual entry, edit, or deletion, or schedule upload) will have a unique Bid Action ID associated to it.
- 2. The Reserve Sale Participant Bidding Interface will provide details for each bid submitted including:
  - a. Bid ID. A unique ID identifying the bid.
  - b. Participant User (user name submitting bid)
  - c. Last Update Time (time bid was submitted or modified). Time will be displayed to the second
  - d. Entity Bid ID (randomly generated auction set up information for each bid created by an Entity)
  - e. Bid Action ID (auction set up information for each action taken)
  - f. Currency
  - g. Bid Tier
  - h. Bid Lots
  - i. Total Allowances

H. Reserve Sale Bid Review, Editing, and Removal

1. Participant Users will have the ability to review their bids before final submission.
2. The Reserve Sale Participant Bidding Interface will accept manual edits to bids.
3. The Reserve Sale Participant Bidding Interface will allow manual removal of each bid.
4. To be accepted a bid edit or removal requires submittal and confirmation by taking an action (i.e., selecting a button).
5. No edits or removals will be allowed after the close of the reserve sale bidding period.
6. The Reserve Sale Participant Bidding Interface will allow identification of all bids with a specific Transaction ID, and removal of all bids submitted in the same transaction.
7. Bid Edit Acceptance
  - a. A bid edit will not be accepted if any condition resulting in rejection of a bid listed in the Bid Acceptance section specific to a reserve sale are met.

#### **Section 6: Jurisdiction Administration Interface**

- A. The Jurisdiction Administration Interface will display Applicant information including at minimum the following:
  1. Applicant details such as:
    - a. Entity Legal Name
    - b. Entity Operating Name
    - c. CITSS Account Number
    - d. Entity Status (i.e., Applicant, Qualified Applicant, Qualified Bidder)
    - e. Bid Guarantee Amount
    - f. Bid Guarantee Currency
    - g. Purchase Limit Current Auction
    - h. Purchase Limit Future Auction
    - i. Holding Limit Current Vintage Allowances
    - j. Holding Limit Future Vintage Allowances
  2. The Jurisdiction Administration Interface will provide Jurisdiction Users the ability to monitor the submission of bid guarantees to determine Qualified Applicants for an auction or reserve sale.
  3. A Jurisdiction User may select an Entity and revise the Entity Account Status from Active to Inactive, or vice versa.
  4. A Jurisdiction User may select an Entity and the Entity's Participant User account representatives will be displayed. A Jurisdiction User may select a Participant User Account and revise the Entity-relationship status from Active to Inactive, or vice versa.
    - a. A Jurisdiction User may take action to revise an account status or Entity-relationship status only for an Entity registered in their respective jurisdiction.
  5. The interface shall ensure a Jurisdiction User can only act for a jurisdiction they represent (i.e., a CA-user can only act in a CA-only event).

- a. For a joint auction, the interface shall ensure a Jurisdiction User can view the actions taken by the Jurisdiction User for the other jurisdiction(s).
- B. The Jurisdiction Administration Interface will include Auction Information including at minimum the following:
  1. Auction Name
  2. Date (date auction was held)
  3. Time (time auction was held, ET)
  4. Settlement Price, for each auction (e.g., Current and Advance Auctions) and in USD and CAD for a joint auction.
  5. Allowances Sold for each auction (e.g., Current and Advance Auctions)
  6. Results Run Time (time of completion of settlement price determination)
  7. Certification status and selection
  8. Final closure status and selection
- C. The Jurisdiction Administration Interface will include Reserve Sale Information including at minimum the following:
  1. Reserve Sale Name
  2. Date (date auction was held)
  3. Time (time auction was held, ET)
  4. Tier 1 Allowances Sold
  5. Tier 2 Allowances Sold
  6. Tier 3 Allowances Sold
  7. Results Run Time
  8. Certification status and selection
  9. Final closure status and selection
- D. The Jurisdiction Administration Interface will provide a process for each auction or reserve sale in progress that the Jurisdiction User is authorized to access to approve for certification and closure.
  1. A process for Jurisdiction User to actively select Reject or Approve for certification.
  2. A process for Jurisdiction User to actively select Reject or Approve for closure.
- E. A Jurisdiction User can access information only for a jurisdiction-specific auction or reserve sale or joint auction that the jurisdiction they represent is participating in.
- F. The interface shall ensure a Jurisdiction User can only act for a jurisdiction they represent (i.e., only a CA user can act in a CA-only event).
  1. For a joint auction, the interface shall ensure a Jurisdiction User can view the actions taken by the Jurisdiction User for the other jurisdiction.
- G. The Jurisdiction Administration Interface will allow Jurisdiction Users the ability to access both Administrative User and Participant User Reports, respective to Users registered in their jurisdiction.
  1. The Jurisdiction Administration Interface will allow Jurisdiction Users the ability to access Administrative Reports.
  2. The Jurisdiction Administration Interface will allow Jurisdiction Users the ability to generate reports for any Participant Users by selecting an identifying attribute (e.g., CITSS Account Number, Entity Legal Name, Entity Operating Name, etc.).

- H. The Jurisdiction Administration Interface will allow Jurisdiction Users to establish Auction Reserve Prices.
1. For any joint auction, the internet-based tools will provide an interface to calculate and manage approval of the Auction Reserve Price including presenting the Annual Auction Reserve Prices for each jurisdiction, the calculation, verification and acceptance of the Auction Exchange Rate and resulting Auction Reserve Price to be used in the auction. The Annual Auction Reserve Price and Auction Reserve Price will be presented in USD and CAD. The Auction Exchange Rate will be entered in the interface by a Jurisdiction User of a Participating Jurisdiction. The Auction Exchange Rate will be entered using four decimals, as shown on the Bank of Canada website for the USD to CAD FX Rate.
    - a. Annual Auction Reserve Prices are provided to the Auction Administrator in the auction set up process.
    - b. The Auction Exchange Rate for a joint auction is established as the most recently available noon daily buying rate for USD to CAD conversion as published by the Bank of Canada, and shall announce the Auction Exchange Rate prior to the opening of the auction period. The Auction Exchange Rate can be entered into the Auction Reserve Prices and Exchange Rate (FX Rate) Interface by a Jurisdiction User from any Participating Jurisdiction.
    - c. The Auction Reserve Price is set as equal to the higher of the two values: USD Annual Auction Reserve Price and CAD Annual Auction Reserve Price based on the Auction Exchange Rate
    - d. Population of the Auction Exchange Rate and Auction Reserve Price for display on any Public Home Pages requires active confirmation by a Jurisdiction User from each Participating Jurisdiction.
- I. The Jurisdiction Administration Interface will allow Jurisdiction Users to reset User passwords and security questions as described in Chapter 1.

## **Section 7: Auction or Reserve Sale Monitoring Interface (Monitoring Interface)**

- A. Jurisdiction User and Market Monitor User Monitoring
1. During an auction or reserve sale, Jurisdiction and MM Users will have access to a Monitoring Interface through their Private Home Pages. Auction Administrator Users will have view only access to the Monitoring Interface through their Private Home Pages.
  2. The Monitoring Interface will be available only from one hour prior to the opening of a bidding period and up to an event being closed to provide all functions as described for auction and reserve sale monitoring.
  3. Jurisdiction Users will be able to take the following monitoring actions during and after the bidding period:
    - a. Flag/Remove Flag: Flagging a bid is a mechanism for Jurisdiction and Market Monitor Users to highlight specific bids during an open bidding period. It has no implications on the settlement methodology or bidding statistics.
      - i. Flagging a bid is not jurisdiction restricted. Any Jurisdiction Users can flag or unflag bids submitted by Entities from



- another jurisdiction (e.g., QC Jurisdiction User can flag/unflag bids submitted by CA Entities).
- ii. Each bid flag action shall be recorded and indicate the Administrative User that flagged or unflagged the bid. The User flagging or unflagging the bid shall be identified by the Monitoring Interface and in the Admin Bids Audit Report.
- iii. Each action will require a comment assigned specifically to the action taken (Assign Flag, Remove Flag).
- iv. Each action shall be recorded identifying the Administrative User that took the action, the date and time the action was taken, and the comment assigned to the action.
- b. Exclude/Include a bid: Bids marked as excluded will not be considered in the settlement methodology and bidding statistics. Bids marked as excluded will be recorded in the Admin Entity Bids Report, Admin Entity Bid Audit Report, Entity Bids Audit Report, and Entity Bid Statistics Report.
  - i. Jurisdiction restricted. A Jurisdiction User can only exclude/include bids submitted by Entities from their respective jurisdictions (e.g., QC Jurisdiction User can only exclude/include bids submitted by QC Entities).
  - ii. Each bid exclusion action shall be recorded indicating the Administrative User that excluded or included the bid. The User excluding the bid shall be identified by the Monitoring Interface and in the Admin Bids Audit Report.
  - iii. Each action will require a comment assigned specifically to the action taken (Exclude Bid, Include Bid).
  - iv. Each action shall be recorded identifying the Administrative User that took the action, the date and time the action was taken, and the comment assigned to the action.
- c. Enter a comment for each bid.
  - i. Commenting on a bid is jurisdiction restricted. A Jurisdiction User of any Participating Jurisdiction can comment on bids submitted by Entities from another jurisdiction (e.g., QC Jurisdiction User can comment on bids submitted by CA Entities).
- 4. Market Monitor Users will be able to take the following actions with the Monitoring Interface during and after the bidding period closes:
  - a. Flag/Unflag a bid.
  - b. Enter a comment for each bid.
- B. Monitoring Interface: Statistics Determination and Display and Reports
  - 1. The following bidding statistics will be available through the Monitoring Interface, and be viewable by Jurisdiction, MM, and Auction Administrator Users:
    - a. Number of Bids: count of all the bids that have been submitted.
    - b. Number of Bidding Entities: count of all the Entities that have submitted a bid.
    - c. Number of Allowances bid: count of allowances that have been bid for.

- i. During an auction by vintage.
    - ii. During a reserve sale by tier.
  - d. Average Price: average (weighted mean) of the bid price submitted.
  - e. High Price: highest bid price submitted.
  - f. Low Price: lowest bid price submitted.
  - g. Bid Statistics will be presented by jurisdiction and by currency. (CA-USD, QC-USD, All USD Bids, QC-CAD, All Bids (presented in USD))
- 2. Jurisdiction, MM, and FSA Users will be able to download all administrative reports authorized for the respective roles.
- 3. The Auction and Reserve Sale Monitoring Interface will display all bids submitted.
- 4. The Monitoring Interface will provide the following information for each bid submitted:
  - a. Participant User Name (User Name)
  - b. Entity Legal Name
  - c. Entity Operating Name
  - d. Bid ID
  - e. Entity Bid ID
  - f. Bid Action ID
  - g. CITSS Account Number
  - h. Last Update Time (time bid was submitted or last modified) - Time will be displayed to the second.
  - i. Bid Tier (For Reserve Sale only)
  - j. Bid Price (CAD).
    - i. Reported as “ – “ if CA-Entity.
  - k. Bid Price (USD).
    - i. The bid price for all QC Entities submitting bids in CAD or USD will be displayed in both currencies.
  - l. Bid Currency
    - i. The currency for all bids submitted by CA Entities will be in USD.
    - ii. The currency for all bids submitted by QC Entities will be either in USD or CAD, depending on the currency of the bid guarantee submitted.
    - iii. The currency of the settlement price will be in USD. All bids submitted in CAD will be converted to USD (rounded to a whole cent) for a USD settlement price determination.
  - m. Bid Lots (quantity)
  - n. Vintage (Not displayed for reserve sale)
  - o. Administrative User Action (Flag, Unflag, Exclude, Include)
  - p. Action Taken By (User name of Administrative User)
  - q. Action Taken Comment
  - r. Bidding Limitations (Only if bid violates any type of bid limitation)
- 5. Data on the page will be sortable by all columns, with capabilities to search for partial information (e.g., partial Entity Legal Name, CITSS ID, etc.).
- 6. For a joint auction, the bid price for all QC Entities submitting in CAD and USD will be displayed in both USD and CAD.

- a. For QC-entity bids submitted in CAD, bid price CAD is the value entered. Bid price USD is the bid price CAD converted to USD.
    - i. To convert CAD bids, multiply by the auction exchange rate with precision to four decimal places ( $\text{USD} = \text{CAD} * 1/\text{FX Rate}$ ).
  - b. Bids will be rounded to USD in whole cents.
  - c. For QC-Entity bids submitted in USD, bid price USD is the value entered.
7. For a joint auction, the bid price for all CA Entities will be displayed in USD only.

## **Section 8: Post Auction**

### **A. Auction Bidding Period Close**

1. The internet-based tools close the Auction period automatically based on the bidding period close time provided in the auction set up process.
2. Auction Administrator User monitors the closing of the bidding period and if necessary manually closes the bidding period.
3. After the bidding period closes, Participant Users will not be able to add, edit, or delete bids but will be able to view all bids with the bidding interface until the auction is certified and closed.
4. After the closing of a bidding period, an auction or reserve sale will be described based on a status indicating progress, including:
  - a. Pre-Settlement: After closing of bidding period prior to successful completion of the settlement process.
  - b. Pre-Certification: After the settlement process has been completed and prior to certification of an auction or reserve sale.
  - c. Financial Settlement: After certification of an auction or reserve sale and prior to approval to close an auction or reserve sale.
  - d. Closed: After approval to close an auction or reserve sale and after financial settlement is complete and proceeds are distributed.

### **B. Post Auction Bid Management**

1. With updated action and reserve sale services all bids are to be rejected if any limitation is exceeded.
  - a. Bid acceptance shall be confirmed in the settlement process.
2. The Auction Administrator User will reject any submitted bids that contain bid quantities in excess of the purchase limit, the holding limit, or the value of the bid guarantee based on the settlement methodology.
  - a. Only that portion of the bid quantity that exceeds the respective limit will be rejected, not the entire bid quantity.
    - i. Bids will be rejected, in bundles of 1,000 allowances, until the respective limit is met.
    - ii. Rejected bid quantities will not be considered in determining the settlement price and bidding statistics.
    - iii. For each bid a "Qualified Bid" is determined equal to the bid amount that remains after the submitted bids have been evaluated against the holding limit, purchase limit, and bid guarantee.

- b. The result is a set of qualified bids from which the settlement price is determined for both the Current and Advance Auctions.

C. Auction Settlement Price Calculation and Results

1. The Auction Administrator User will determine the settlement price for the Current and Advance Auctions based on the settlement process.
2. Current and Future vintage allowances will be evaluated separately.
3. If any auctions are setup in addition to a Current and Advance Auction, these auctions will be evaluated separately from the Current and Advance Auctions.
4. The internet-based tools run the settlement process and calculate the settlement prices for the Current and Advance auctions using the settlement process.
  - a. Settlement price calculated will be in USD in whole cents for all auctions.
5. For a joint auction, the Bid Price will be evaluated in USD.
  - a. To convert bids submitted in CAD, multiply by the auction exchange rate with precision to four decimal places ( $\text{USD} = \text{CAD} * 1/\text{FX Rate}$ ).
  - b. Bids will be rounded to USD in whole cents using Bank rounding rules.
6. Beginning with the highest bid and proceeding to successively lower bids, Entities submitting bids at each price will be awarded allowances.
7. The settlement price for all allowances will be the lowest price at which the entire supply of allowances is exhausted or the Auction Reserve Price, whichever is reached first.
  - a. The bid at which all available allowances are sold becomes the settlement price and this is the price per allowance that all bidders will be charged for the allowances won in the auction.
8. Bids submitted at prices below the settlement price will not win any allowances.
9. When determining the settlement price, if the quantity of allowances bid for at a specific price exceeds the remaining allowances available for sale, a tiebreaker procedure as defined in the California and Québec cap-and-trade regulations will be used to determine the number of allowances awarded to each Entity.
  - a. The tiebreaker will allocate allowances to Entities based on their proportion of qualified bids submitted at the settlement price, or affordable at the settlement price, if bids are rejected at next higher valid price point, multiplied by the remaining allowances available at the settlement price.
  - b. Allowances allocated are rounded down to the nearest whole allowance.
  - c. If any residual allowances remain after allocation based on the proportion of qualified bids, they will be allocated individually to Entities based on random number assignment.
  - d. The process is the same for the Current and the Advance Auctions.
    - i. The two auctions will be run from the Auction Administrator User bid evaluation to the settlement price determination in consecutive order.

- ii. The Auction Administrator shall determine the bid guarantee remaining for use in the Advance Auction.
  - iii. For a bidder who submits bids in USD, the bid guarantee remaining is equal to the submitted bid guarantee minus the total cost of the Current Auction (total successful allowances \* USD settlement price).
  - iv. For a bidder who submits bids in CAD, the bid guarantee remaining is equal to the submitted bid guarantee in CAD converted to USD and rounded to a whole cent minus the total cost of the Current Auction (total successful allowances \* USD settlement price).
10. Once the settlement price is calculated, the outcome of each bid and the settlement prices will be available in the Admin Entity Bids Report and Admin Entity Bids Audit Report. These reports can be downloaded from the Auction Services webpages by all Jurisdiction and MM Users.

## **Section 9: Post Reserve Sale**

### **A. Reserve Sale Bidding Period Close**

- 1. The internet-based tools close the Reserve Sale period automatically based on the bidding period close time provided in the reserve sale set up process.
- 2. After the bidding period closes, Participant Users will not be able to add, edit, or remove bids but will be able to view all bids until the reserve sale is certified and closed.

### **B. Post Reserve Sale Bid Management**

- 1. With updated action and reserve sale services all bids are to be rejected if any limitation is exceeded. Bid acceptance shall be confirmed in the settlement process.
- 2. The Auction Administrator User will reject any submitted bids that contain bid quantities in excess of the holding limit or the value of the bid guarantee.
  - a. Only that portion of the bid quantity that exceeds the respective limit will be rejected, not the entire bid quantity.
  - b. Submitted bids that contain bid lots in excess of the holding limit or the value of the bid guarantee will be accepted, in bundles of 1,000 allowances, up to the respective limits.
  - c. Rejected bid quantities will not be considered in determining the amount of allowances awarded and statistics.
    - i. For each bid a "Qualified Bid" is determined equal to the bid amount that remain after the submitted bids have been evaluated for the holding limit and bid guarantee.
      - a. Only qualified bids are used in the reserve sale settlement process.
  - d. The result is a set of qualified bids from which the allowances awarded is determined.

### **C. Reserve Sale Results**

- 1. The Auction Administrator User will determine the reserve sale allowances awarded.
- 2. Starting with allowances in the lowest-priced tier, allowances will be sold to Entities that submit qualified bids to the lowest-priced tier.

3. There are three potential outcomes for the sale of allowances within each tier:
- a. The quantity of qualified bids exactly correspond to the quantity of allowances available in a given tier. All bids are filled and no allowances remain in the tier.
  - b. The quantity of qualified bids exceeds the quantity of allowances in a given tier. This will result in the tiebreaker process under which allowances are sold based on each bidder's proportion of all qualified bids.
    - i. The tiebreaker will allocate allowances to Entities based on their proportion of qualified bids submitted to that tier.
    - ii. Allowances allocated are rounded down to the nearest whole allowance.
    - iii. If any residual allowances remain after allocation based on the proportion of qualified bids, they will be allocated individually to Entities based on random number assignment.
  - c. The quantity of qualified bids is fewer than the number of allowances in a given tier.
    - i. For QC, bids in the next highest tier will be evaluated as described above.
    - ii. For CA, this will result in a tier roll-down process for which qualified bids from higher-priced tiers are sold at the lower tier price until the total number of allowances in the lower-priced tier is exhausted [CA Only].
      - a. Take all the bids evaluated in the higher-priced tier (i.e., Tier 3 or Tier 2) and accept quantity in multiples of 1,000 such that bids comply with both the holding limit and bid guarantee limits simultaneously. This set of qualified bids from the higher-priced tier (i.e., Tier 3 or Tier 2) is then sold from the lower-priced tier (i.e., Tier 2 or Tier 1) allowances.
      - b. Fill qualified bids by lot at the lower-priced tier until the remaining allowances offered for sale from the lower-priced tier are exhausted or until all bids are filled.
  - d. Assign a bid lot number to each lot of 1,000 allowances for each qualified bid.
  - e. Assign a random number to each bid lot of 1,000 allowances for qualified bids.
  - f. Fill qualified bids by bid lot starting from the lot assigned the lowest random number until all remaining lower-priced tier (i.e., Tier 2 or Tier 1) allowances are sold or qualified bid lots are exhausted. The qualified bids are to be sold at the tier price of the lower tier
  - g. Fill any remaining bids at higher-priced tier (i.e., Tier 3 or Tier 2).
    - i. For the tier roll-down process, bids can only roll-down one tier, but cannot roll-down from the highest-price tier to the lowest-price tier.

## **Section 10: Auction and Reserve Sale Certification and Closure**

### **A. Jurisdiction User Actions**

1. Jurisdiction Users will have the ability to approve or reject auction and reserve sale results and certify an auction or reserve sale through the Jurisdiction Administration Interface in the internet-based tools.
  - a. For a jurisdiction-specific auction or reserve sale, only a Jurisdiction User associated with a Participating Jurisdiction in the auction or reserve sale may approve an event for certification or closure.
  - b. For a joint auction, a Jurisdiction User from each Participating Jurisdiction in the auction or reserve sale shall certify and close the event.

### **B. Auction Certification**

1. Each selection by a Jurisdiction User shall be made through two actions, e.g., enter selection and confirm selection. Prior to confirmation, a user message is presented to inform a Jurisdiction User that the selection will be final.
2. Certification of a jurisdiction-specific auction or reserve sale requires active confirmation in the internet-based tools by a Jurisdiction User.
  - a. If the Jurisdiction User selects to certify, the auction status advances to financial settlement.
  - b. If the Jurisdiction User selects to reject certification, the auction status returns to pre-settlement.
3. Certification of a joint auction requires active confirmation in the internet-based tools by each jurisdiction. A joint auction is certified once selected and confirmed for certification by all Participating Jurisdictions.
  - a. If all jurisdictions certify, the auction status advances to the Financial Settlement status.
  - b. If all jurisdictions reject, the auction status returns to Pre-Settlement status.
  - c. Prior to allowing a Jurisdiction User to confirm a conflicting selection (certify/reject), a user notification message appears to all Jurisdiction Users that status changes to Auction Certification occur only upon agreement to approve or reject.
  - d. The Jurisdiction Administration interface will show a certification column for each jurisdiction, so each Jurisdiction User can view each other's Jurisdiction User status.
  - e. The Auction Certification approval selections are active only after the settlement algorithm has been completed for an event and until a final decision (selection by both jurisdictions) to certify or reject has been made by the jurisdictions.
    - i. Once the auction is certified, Auctions Services sends an email to the PAR and all AARs representing an Entity confirming the auction certified and results available.

### **C. Auction Closure**

1. Follow same procedure and conditions as auction certification.
2. For each auction or reserve sale selected, the following options are available for auction Final Approval for each jurisdiction:
  - a. Approve

- b. Reject
- 3. For a Joint auction, a Jurisdiction User from each Participating Jurisdiction shall select Reject to reject final approval or closure of an auction.
- D. If closure of an auction or reserve sale is rejected, the auction status remains in Financial Settlement.
  - 1. The Jurisdiction User(s) will be provided an option to change to the Pre-Settlement status.
  - 2. The final auction approval selections are active only after an auction has been certified.
  - 3. After selecting Approve or Reject, but before selecting “Save” a user confirmation message will be displayed:
    - a. “Upon selecting the “Save” button the auction final approval “Approve” or “Reject” is entered and cannot be revised unless a contradictory selection is made by another jurisdiction. To continue, please select the “Confirm” button.”

### **Chapter 3: Auction and Reserve Sale Reports**

#### **Section 1: Availability and Format**

- A. Reports will be made available based on the appropriate user role type, and as specified in the report description found below.
- B. Reports should be made available in Portable Document Format (PDF), Comma Separated Values (CSV), and/or Excel format (xls and xlxs) depending on the report. Reports should be provided in a professional manner allowing a User to print a report without requiring additional formatting or changes to the report data. Data shall be clearly presented and should be made available for the following Users and based on the criteria stated below.
  - 1. Report names or titles will be presented based on language selection.
    - a. QC-Entities will have the option to select reports in English or French, even if the user has chosen to view the site in English.
      - i. CA-Entities will not have a language selection option, so reports are available in English only.
      - ii. There will be no bilingual Participant reports. French reports will be separate from English and should be available to QC participants only.
  - 2. All reports should include a title capturing the event name.
  - 3. All reports in Excel format should have the spreadsheet tab titled with the same name as the report.
  - 4. All times reported should be in the prevailing Eastern Time (Eastern Standard or Eastern Daylight) depending on date of the event being reported.
  - 5. All reports should include the same introductory fields including Report Date (the date the report is generated), Event Name (the name of auction or reserve sale, and an Event Date (date auction or reserve sale was held).
  - 6. The internet-based tools shall have the flexibility to produce identical reports and templates with different titles, for example, what is titled a “Reserve Sale” in CA is titled a “Sale by Mutual Agreement” in QC.



7. Reserve Sale Reports will generally follow the same format and contain the same data fields as used in Auction Reports. Any distinctions will be noted in the report description, such as a bid price for an auction is known as the tier price or category price for a reserve sale.
  - a. Reports will be managed in a manner such that changes to data can be easily made without needing to implement or update changes to code or requiring a new production release (i.e., FSA wiring instructions or contact information can be revised without a production release).

## **Section 2: Reports Interface**

The internet-based tools will provide reports through an interface, and reports will be in the default language of each jurisdiction. For California Users, reports will be available in English, and Québec Users will have the option to obtain reports in English or French. There will be two categories of reports made available through the Reports Interface: Participant User Reports and Administrative User reports:

### Participant User Reports

- Report 1: Entity Bids Audit
- Report 2: Entity Bid Statistics
- Report 3: Financial Statement
- Report 4: Bid Upload Template
- Report 5: Financial Services Delivery Instructions

### Administrative User Reports

- Report 1: Participant Report (Required only if auction application in Auction Services)
- Report 2: Admin Applicant
- Report 3: FSA Applicant (Required only if auction application in Auction Services)
- Report 4: Admin Entity Bids Audit
- Report 5: Admin Entity Bid Statistics
- Report 6: Financial Settlement
- Report 7: Summary (Auction or Reserve Sale)
- Report 8: Allowance Delivery
- Report 9: User Activity Audit

#### **a. Participant User Reports**

- A. The Participant User Reports listed below will be available. Report descriptions outline the types of data to be included, but final detailed designs may change actual data to be included in each report.
  1. Entity Bids Audit Report: This report includes all the bids submitted by an Entity, including the audit trail of each bid.

- a. Timing: Available after opening of bidding period through event closure.
  - b. Format: Available in Excel and CSV
  - c. The Entity Bids Audit Report will include the following data at minimum:
    - i. Introductory fields including Report Date, Event Name, and Event Date.
    - ii. Entity information such as CITSS Account Number, Entity Legal Name, and Entity Operating Name.
    - iii. Bid identification information including: username of representative submitting or editing bid, timestamp, Entity bid ID, Bid action ID, action taken (created, update, remove), bid price USD, bid price CAD (if applicable), currency, vintage, bid lots, total allowances, tier (if applicable), and tier price (if applicable).
2. Entity Bid Statistics Report: This report includes a list of all bids submitted by an Entity in their final form, identifying each successful and unsuccessful bid and the number of allowances awarded, if any.
- a. Timing: Available after auction or reserve sale is certified (financial settlement status).
  - b. Format: Available in Excel and CSV
  - c. The Entity Bid Statistics Report will include the following data at minimum:
    - i. Introductory fields including Report Date, Event Name, and Event Date.
    - ii. Entity information including CITSS Account Number, Entity Legal Name, and Entity Operating Name.
    - iii. Bid identification information including: username of representative submitting, timestamp, Entity bid ID, Bid action ID, bid price USD, bid price CAD (if applicable), currency, vintage, total allowances, tier (if applicable), and tier price (if applicable).
    - iv. Bid results information including: successful bid allowances and total bid cost.
  - d. For a reserve sale, the Entity Bid Statistics Report will also include the tier price, number of successful bids, and total bid cost for each tier.
3. Financial Statement: The report will include all information required to invoice and complete financial settlement for an auction or reserve sale. It will provide explanatory text for completing financial settlement, including contact information for the Financial Services Administrator and Auction Administrator.
- a. Timing: Available after auction or reserve sale is certified (financial settlement status).
  - b. Format: Available in PDF format presented on WCI, Inc. letterhead.
  - c. The Financial Statement will include the following data at minimum:
    - i. Introductory fields including Report Date, Event Name, and Event Date.

- ii. Entity information including the Entity Legal Name, Entity Operating Name, and CITSS ID Reference Number (a unique identifier to identify the event and the Entity).
  - iii. Auction information including a summary of bid statistics by auction (Current and Advance) or for reserve sales by tier/category. Bid statistics include the settlement price, the number of allowances awarded, and the total bid cost owed for each auction and in total.
  - iv. Financial account information such as financial services account name and number, bid guarantee type and amount, currency of bid guarantee, amount due, and date the amount owed is due.
  - v. Wiring instructions of the receiving bank (FSA). Necessary fields include bank name, American Bankers Association (ABA)/Society for Worldwide Interbank Financial Telecommunication (SWIFT)/International Bank Account Number (IBAN), address, demand deposit account (DDA) number, beneficiary, payment details, and port.
- 4. The Bid Upload Template: This template is used for the auction and reserve sale bid upload process.
  - a. Availability: All Users.
  - b. Format: Available in Excel
  - c. Timing: Available during application period through event closure.
  - d. The Bid Upload Template will be unique to each event, and contain information specific to an auction or reserve sale.
  - e. The Bid Upload Template for an auction will include explanatory text and the following data at minimum:
    - i. Bid characteristics such as currency, bid price, bid lots, bid allowances, and vintage type.
  - f. The Bid Upload Template for a reserve sale will include explanatory text and the following data at minimum:
    - i. Bid characteristics such as currency, tier, bid lots, and bid allowances.
  - g. CA Participant Users will have the ability to access the bid upload template to submit bids in USD only.
  - h. QC Participant Users will have the ability to access the bid upload template to submit bids in CAD or USD for a joint auction and CAD only for a QC reserve sale.
- 5. The Financial Services Delivery Instructions: This template is used to provide wiring and physical delivery instructions for bid guarantee submittal to the FSA and financial settlement.
  - a. Availability: All Users.
  - b. Format: Available in PDF
  - c. Timing: Available during application period through event closure.
  - d. The Financial Services Delivery Instructions will include explanatory text and the following data at minimum:
    - i. Receiving bank cash wire instructions for FSA; information will include name of receiving bank, ABA or SWIFT number, DDA

- number, beneficiary, payment details, account number and name, and Reference number.
- ii. Mailing instructions for all other forms of bid guarantee; the mailing address for the FSA will be provided.

**b. Administrative User Reports**

- A. The following Administrative User Reports will be available. Report descriptions outline the types of data to be included, but final detailed designs may change actual data to be included in each report.
1. Participant Report: This report will include information on each user authorized to participate in an auction or reserve sale and the entity(ies) they represent. It will list the users authorized to participate, the status of their user account, and the status of any entity relationships.
    - a. Availability: Jurisdiction and MM Users.
    - b. Format: Available in Excel and CSV
    - c. Timing: Available once application data is available (from CITSS) through event closure.
    - d. The Participant for an auction will include the following data at minimum:
      - i. Introductory fields including Report Date, Event Name, and Event Date.
      - ii. Applicant information such as Entity Legal Name, Entity Operating Name, Entity Type, and CITSS Account Number.
      - iii. Representative information including the first and last name, phone number, and email address.
      - iv. For a Participant representing multiple entities, a separate record will be provided for each entity represented.
  2. Admin Applicant Report: This report will include data from the auction application process (including data from CITSS), and bid limitations data. It will list the current status and applicant related data of all Applicants.
    - a. Availability: Jurisdiction and MM Users.
    - b. Format: Available in Excel and CSV
    - c. Timing: Available once application data is available (from CITSS) through event closure.
    - d. The Admin Applicant Report for an auction will include the following data at minimum:
      - i. Introductory fields including Report Date, Event Name, and Event Date.
      - ii. Applicant information such as Entity Legal Name, Entity Operating Name, Entity Type, CITSS Account Number, physical and mailing addresses, and jurisdiction of incorporation.
      - iii. Representative information including the first and last name, phone number, and email address of Participant User submitting the application on behalf of the entity.
      - iv. Applicant information including bid guarantee type, currency, and amount; bid guarantee return instructions (excluding bank

- account number); application status; application submission date and time; purchase and holding limit data; and application approval/rejection date.
- e. The Admin Applicant Report for a reserve sale is the same as the report for an auction.
- 3. FSA Applicant Report: This report will include data from the auction application process (including data from CITSS), and bid limitations data. It will list the current status and applicant related data of all Applicants.
  - a. Availability: FSA Users.
  - b. Format: Available in Excel and CSV
  - c. Timing: Available once application data is available through CITSS period open through event closure.
  - d. The FSA Applicant Report for an auction will include the following data at minimum:
    - i. Introductory fields including Report Date, Event Name, and Event Date.
    - ii. Applicant information such as Entity Legal Name, Entity Operating Name, Entity Type, CITSS Account Number, physical and mailing addresses, and jurisdiction of incorporation.
    - iii. Representative information including the first and last name, phone number, and email address of Participant User submitting the application on behalf of the entity.
    - iv. Application information including bid guarantee type, currency, and amount; bid guarantee return instructions; application status; application submission date and time; and application approval/rejection date.
  - e. The differences between the Admin Applicant Report and FSA Applicant report are as follows:
    - i. Admin Applicant Report does not include the bank account number provided in bid guarantee return instructions of an Applicant.
    - ii. FSA Applicant Report does not include bid limitations data.
  - f. The Admin Applicant Report and FSA Applicant Report for a reserve sale is the same as the report for an auction.
- 4. Admin Entity Bids Audit Report: This report includes all the bids submitted in the internet-based tools including the audit trail of each bid. The report should allow for an audit of all bids from entry and identify each action taken on a bid specific to an Entity and associated User.
  - a. Availability: Jurisdiction and MM Users.
  - b. Format: Available in Excel and CSV
  - c. Timing: Available once bidding period opens through event closure.
  - d. The Admin Bids Audit Report will include the following data at minimum:
    - i. Introductory fields including Report Date, Event Name, and Event Date.
    - ii. Entity information such as CITSS Account Number, Entity Legal Name, Entity Type, and Entity Operating Name.

- iii. Bid Identification Information including: bid ID, username of representative submitting or editing bid, bid submission and last update time, Entity bid ID, Bid action ID, action taken (created, update, remove), bid price USD, bid price CAD (if applicable), currency, vintage, bid lots, total allowances, tier (if applicable), and tier price (if applicable).
  - iv. Bid results information including: successful bid (Y/N); qualified bid (Y/N); if greater than or equal to settlement price; qualified bid allowances; successful bid allowances; total bid cost; tie breaker share, share allocation, random number assignment, and random allocation; and bid limitation flags (flag if bid exceeded a bid limitation).
  - v. Information on Administrative User actions include actions taken, username of User taking action, and comments submitted.
- e. For a reserve sale, the Admin Bids Audit Report will also identify the tier and tier price of each bid. The report will include the successful bid allowances listed for each tier.
- 5. Admin Entity Bids Report: This report includes a final summary of all bids during and after closure of the bidding period. The report should include a Qualified Bid Allowances field.
  - a. Availability: Jurisdiction and MM Users.
  - b. Format: Available in Excel and CSV
  - c. Timing: Available once bidding period opens through event closure.
  - d. The Admin Bids Report will include the following data at minimum:
    - i. Introductory fields including Report Date, Event Name, and Event date.
    - ii. Entity information such as CITSS Account Number, Entity Legal Name, and Entity Operating Name.
    - iii. Bid identification information including: bid ID, username of representative submitting bid, bid submission time, Entity bid ID, Bid action ID, bid price USD, bid price CAD (if applicable), currency, vintage, bid lots, total allowances, tier (if applicable), and tier price (if applicable).
    - iv. Bid results information including: successful bid (Y/N); qualified bid (Y/N); if greater than or equal to settlement price; qualified bid allowances; successful bid allowances; total bid cost; tie breaker share, share allocation, random number assignment, and random allocation; and bid limitation flags.
    - v. Administrative User actions information including actions taken, username of User taking action, and comments submitted.
- 6. Financial Settlement Report: This report includes settlement information of all the Entities that participated in an auction or reserve sale as a Qualified Bidder.
  - a. Availability: Jurisdiction, MM, FSA Users
  - b. Format: Available in Excel and CSV

- c. Timing: Available to Jurisdiction Users once an auction or reserve sale is certified. Available to FSA and MM Users two hours after auction or reserve sale is certified (financial settlement status).
  - d. The Financial Settlement Report will include the following data at minimum:
    - i. Introductory fields including Report Date, Event Name, and Event Date.
    - ii. Entity information including Entity Legal Name, Entity Operating Name, and CITSS Account Number.
    - iii. Auction results information including Current and Future vintage settlement price, quantity bid, and quantity of allowances awarded and the currency of the bids submitted.
    - iv. Financial account information such as financial services account name and number, bid guarantee type(s) and amount(s), currency of bid guarantee, and amount due.
    - v. Total successful bid cost and the amount owed by the Entity after first considering any cash forms of bid guarantee.
  - e. For a reserve sale, the Financial Settlement Report will also include the total bid quantity for each tier, total successful bids for each tier, and the successful bid allowances for each Entity.
7. Summary Report: This report provides a summary of auction results and bid statistics.
- a. Availability: Jurisdiction and MM Users
  - b. Format: Available in Excel and CSV
  - c. Timing: Available once an auction or reserve sale settlement process is complete (pre-certification status).
  - d. For an auction, the Summary Report will include the following data at minimum:
    - i. Introductory fields including Report Date, Event Name, and Event Date.
    - ii. Submitted bids information including total bids submitted separated by Entity type for each jurisdiction and combined.
    - iii. Qualified bids information including total qualified bids separated by Entity type for each jurisdiction and combined.
    - iv. Winning bids information including total winning bids separated by Entity type for each jurisdiction and combined.
    - v. Percent of allowances won by Entity type for each jurisdiction and combined.
    - vi. Submitted and qualified bid price statistics such as mean, median, maximum, and minimum bid price data separated for each jurisdiction and combined by currency (CA-USD, QC-USD, All USD Bids, QC-CAD, All Bids (presented in USD))
  - e. For a reserve sale, the Summary Report will include the following data at minimum:
    - i. Tier 1, Tier 2, and Tier 3 bid statistics listed for each tier such as the total bids submitted, total bids sold, ratio of total quantity of qualified bid allowances to total allowances available, total

qualified bid allowances, total winning bid allowances, and tier price.

8. Allowance Delivery Report: This report provides a breakdown of total allowances awarded by Entity by allowance vintage and type.
  - a. Availability: Jurisdiction and MM Users
  - b. Format: Available in Excel and CSV
  - c. Timing: Available once an auction or reserve sale settlement process is complete (Pre-Certification Status).
  - d. The Allowance Delivery Report will include the following data at minimum:
    - i. Introductory fields including Report Date, Event Name, and Event Date.
    - ii. Entity Information such as Entity Legal Name, Entity Operating Name, the jurisdiction the Entity is registered with, and CITSS Account Number.
    - iii. Auction allowances awarded in (i.e., Current or Advance) (if applicable), the total quantity of bids submitted and total quantity of bids awarded by allowance vintage and type.
9. User Activity Audit Report: This report will be generated listing each action taken by a User (Participant, Jurisdiction, FSA, Auction Administrator, and MM Users) and will provide an audit of all actions taken.
  - a. Availability: Jurisdiction Users.
  - b. Format: Available in Excel and CSV
  - c. Timing: Always available
  - d. The Allowance Delivery Report will include the following data at minimum:
    - i. Log in activity
    - ii. Log in times
    - iii. Webpages accessed and the date and time accessed
    - iv. For each action taken (if applicable)
      - a. Event Name
      - b. Event Date
    - v. Date, time, and identification of following actions taken:
      - a. Bid submitted
      - b. Bid edited
      - c. Bid removed
      - d. Report downloaded
      - e. Document downloaded
      - f. Approved applicant
      - g. Rejected applicant
      - h. Ran settlement process
      - i. Certified event
      - j. Final closure approval for event
      - k. Account Establishment



## **Chapter 4: Internet-Based Tools Availability and Response Time**

### **Section 1: Availability**

- A. The Contractor shall use every reasonable effort to ensure the internet-based tools are available to users within the following parameters:
1. Internet-based tools should be available to users as much as reasonably practical, up to twenty-four (24) hours a day. At a minimum, the application shall be available no less than eighteen (18) hours per day, with any scheduled downtime between 3am and 6am EST. However, it may be necessary to schedule nightly or weekly down times for application maintenance.
  2. The Contractor shall broadcast a notification message of system downtime at any point the system is not available. The notification message shall be approved by WCI, Inc.
  3. The Contractor and WCI, Inc. shall agree on scheduled downtime.

### **Section 2: Browser Compatibility and Response**

- A. The internet-based tools will be developed to ensure that a webpage refresh or reload does not occur for more than thirty (30) seconds on any of the Auction Services web pages. These specifications shall be met using all of the following browsers:
1. IE (8.0 and up)
  2. Chrome (All Versions)
  3. Firefox (8.0.1 and up)
  4. Safari (All versions)
- B. The internet-based tools will be developed to ensure that within the three (3) hour bidding period and during peak report download periods related to an event, the internet-based tools can meet all performance specifications with usage up to one thousand (1,000) participants (including bidding participants), and up to twenty-five (25) administrative users simultaneously logged in and submitting data or download requests.

## **Chapter 5: Access to CITSS Data**

To perform the services, the Contractor must have the ability to access CITSS data. The contractor will need to have at a minimum two (2) users with access to CITSS for each jurisdiction. These users will access data extracts required to manage auctions and reserve sales. Two users are required for each jurisdiction because each Auction Administrator User is specific to a single jurisdiction (i.e., QC Auction Administrator and CA Auction Administrator), and each CITSS user is allowed only one role.

The security required to access CITSS data includes, but is not limited, to the following:

- a. The Contractor shall provide physical controls to prevent unauthorized access to the equipment used to access CITSS. The Contractor shall implement procedures to protect Contractor's personnel's CITSS account credentials (e.g., user IDs and passwords) from unauthorized disclosure. Prior to accessing CITSS, the Contractor shall implement procedures to prevent unauthorized

disclosure of any data in CITSS that is accessed as part of its performance to complete the Work.

- b. The Contractor shall certify to WCI, Inc. that all personnel who have CITSS access as part of performing the Work have been properly identified and evaluated for security purposes, including meeting the regulatory specifications for access to CITSS. The Contractor shall maintain documentation, consistent with that required to establish CITSS access, for each assigned personnel with CITSS access, which will be made available to WCI, Inc. upon request, including:
  - (i) True copy of valid and current personal identification documentation, including government-issued photo identification with an expiration date, such as a driver's license or passport.
  - (ii) Address of primary residence, which must be in the United States or Canada.
  - (iii) For Contractor personnel residing in the United States, confirmation from a U.S. financial institution (such as a federal or state licensed or chartered bank, savings and loan association or credit union) that the person has an open bank account.
  - (iv) For Contractor personnel residing in the United States, an attestation that the individual has no criminal conviction during the previous five years constituting a felony in the United States.
  - (v) For Contractor personnel residing in Canada, confirmation from a financial institution located in Canada that the person has an account with the institution and that an identity check was carried out.
  - (vi) For Contractor personnel residing in Canada, an attestation that the individual has no criminal conviction during the previous five years for fraud or any other serious criminal offence (for Canadian residents offences are identified in the Québec Cap-and-Trade Regulation).
- c. The Contractor shall submit to WCI, Inc. upon request, proof of the due diligence performed to verify the validity of the personnel documentation, which may include background checks and reviews of credit reports.
- d. In the performance of the Work, the Contractor shall use secure telephone, email, data storage, and other necessary systems in a manner preventing unauthorized access to CITSS account credentials, CITSS data, and CITSS user information.

Only authorized users will have access to CITSS. Unauthorized access including sharing of credentials is a violation of CITSS Terms and Conditions as well as applicable laws and regulations.

## APPENDIX C: OFFEROR REFERENCES FORM

### RFP# 2015-01

Submission of this attachment is *mandatory*. Failure to complete and return this attachment with your proposal may cause your proposal to be deemed non-responsive and rejected.

Complete the table below listing information for three (3) references illustrating previous work experience related to the goals and objectives outlined in the RFP.

REFERENCE 1	
Name of Organization	
Street Address	City
State/Prov.	Zip/Postal Code
Contact Person	Telephone Number
Dates of Service	Value or Cost of Service
Brief Description of Service Provided	

REFERENCE 2	
Name of Organization	
Street Address	City
State/Prov.	Zip/Postal Code
Contact Person	Telephone Number
Dates of Service	Value or Cost of Service
Brief Description of Service Provided	

REFERENCE 3	
Name of Organization	
Street Address	City
State/Prov.	Zip/Postal Code
Contact Person	Telephone Number
Dates of Service	Value or Cost of Service
Brief Description of Service Provided	

## **APPENDIX D: COST TABLES**

### **RFP# 2015-01 Auction and Reserve Sale Administrator Services**

Submission of the tables in this Appendix is *mandatory*. Failure to complete and return this Appendix with your proposal may cause your proposal to be rejected and deemed non-responsive.

Additional information on the cost proposal can be found in Section V. Cost Proposal Requirements. The Proposal shall include the total cost estimate to complete each task and provide the estimate in a table similar to Table A-(Task Number) below. Since there are nine (9) tasks, each Offeror should complete one table for each task by providing Tables A-1 to A-9. Offerors should also complete Table A-10 (Labor by Task) summarizing the labor to be used across all of the tasks. There will be a total of ten (10) tables when complete.

The Offeror shall also provide a summary of the total costs specific to the event types described in Task 5, with distinguishable costs for whether the event is scheduled and/or held in tables similar to Tables B-1 to B-4.

Offerors may also incur Other Direct Costs specifically pertaining to this project. In Table C provide an itemized summary of these Other Direct Costs (Special) over the life of the project.

Finally, the Offeror should include a combined total cost estimate for each task as shown in Table D below. Offerors are encouraged to provide any supporting tables used to develop the summary tables indicated below.

**TABLE A-(TASK NUMBER): COST FOR EACH TASK**

<b>Labor Category</b>	<b>Proposed Hours</b>	<b>Rate (\$/hour)</b>	<b>Total Cost (\$)*</b>
Project Manager			
Senior Consultant			
Consultant			
Junior Consultant			
Senior Systems Consultant			
Systems Consultant			
Systems Analyst			
Clerical/Admin Support			
<b>TOTAL</b>			

\* Total Costs equal Proposed Hours multiplied by Rate.

**TABLE A-10: LABOR BY TASK**

Person	Labor Category	Rate (\$/hour)	Task 1 (hrs)	Task 2 (hrs)	Task 3 (hrs)	Task 4 (hrs)	Task 5 (hrs)	Task 6 (hrs)	Task 7 (hrs)	Task 8 (hrs)	Task 9 (hrs)	Total Hours	Total Cost (\$)
		<b>TOTAL</b>											

## TABLES B1-B4: PER EVENT COSTS FOR TASK 5

A separate table should be provided for each event type with a different cost: Auction, CA Reserve Sale, and QC Reserve Sale. If proposed costs are the same for different events, separate tables are not necessary but the Offeror should list clearly in the table that it applies to multiple events.

**TABLE B-1: COSTS PER AUCTION (\$)**

Description of Services	For up to 25 applicants	For 26 to 50 applicants	For 51 to 100 applicants	For 100+ applicants
<b>Task 5a.</b> Set up of an event only (no Applicants)				
<b>Task 5b.</b> Set up of an event through applicant approval (no Qualified Applicants)				
<b>Task 5c.</b> Complete event through certification and closure.				
<b>Total Costs per Auction</b>				

NOTE: The maximum Total Costs per Auction will be used for the evaluation of the RFP's cost proposal and budget determinations. In the Table B-1 example, maximum total costs refer to 100+ applicants.

**TABLE B-2: COSTS PER CALIFORNIA RESERVE SALE (\$)**

Description of Services	For up to 25 applicants	For 26 to 50 applicants	For 51 to 100 applicants	For 100+ applicants
<b>Task 5a.</b> Set up of an event only (no Applicants)				
<b>Task 5b.</b> Set up of an event through applicant approval (no Qualified Applicants)				
<b>Task 5c.</b> Complete event through certification and closure.				
<b>Total Costs per Auction</b>				

NOTE: The maximum Total Costs per Auction will be used for the evaluation of the RFP's cost proposal and budget determinations. In the Table B-2 example, maximum total costs refer to 100+ applicants.



**TABLE B-3: COSTS PER QUEBEC RESERVE SALE (\$)**

Description of Services	For up to 25 applicants	For 26 to 50 applicants	For 51 to 100 applicants	For 100+ applicants
<b>Task 5a.</b> Set up of an event only (no Applicants)				
<b>Task 5b.</b> Set up of an event through applicant approval (no Qualified Applicants)				
<b>Task 5c.</b> Complete event through certification and closure.				
<b>Total Costs per Auction</b>				

NOTE: The maximum Total Costs per Auction will be used for the evaluation of the RFP's cost proposal and budget determinations. In the Table B-3 example, maximum total costs refer to 100+ applicants.

**TABLE B-4: TOTAL COSTS FOR TASK 5\***

Description of Services			Total Costs
<b>Demonstration Process (e.g., Practice Auction)</b>	One-Time Cost For Training Entities		\$
<b>Other Initial Set-up Costs</b>	Procedures Manual, etc. (excluding Demonstration Process)		\$
<b>Joint Auction</b>	Per Auction Cost: From Table B-1	X 20	\$
<b>CA Reserve Sale</b>	Per Reserve Sale Cost: From Table B-2	X 20	\$
<b>QC Reserve Sale</b>	Per Reserve Sale Cost: From Table B-3	X 20	\$
<b>Total Cost Proposal</b>			\$

\* All costs in this table should use the maximum total cost estimate, i.e., the estimate assuming 100+ applicants for an event completed through certification and closure. All Offerors are directed to assume 20 events for each event type over the period of performance of the contract. The actual number may vary depending on the needs of the Participating Jurisdictions.

**TABLE C: OTHER DIRECT COSTS (SPECIAL)**

<b>Other Direct Cost (Special)</b>	<b>Unit Cost (\$)</b>	<b>Annual Cost (\$)</b>	<b>Total Program Cost (\$)</b>
<i>Brief description of cost*</i>	<i>Per event</i>	<i>Total Annual Cost</i>	<i>Total Annual Cost X 5 years</i>
<b>TOTAL</b>			

\* Other Direct Costs (Special) should be adequately defined in an Offeror's proposal.

**TABLE D: SUMMARY OF COSTS BY TASK**

<b>Description of Services</b>	<b>Total Cost (\$)</b>
<b>Task 1.</b> Develop Final Work Plan and Schedule	From Table A-1
<b>Task 2.</b> Design, Develop, and Document Auction Tools and Services	From Table A-2
<b>Task 3.</b> Testing and Troubleshooting	From Table A-3
<b>Task 4.</b> Develop Processes and Procedures for Auction and Reserve Sale Services	From Table A-4
<b>Task 5.</b> Auction and Reserve Sale Set Up, Operations, and Reports	From Table A-5
<b>Task 6.</b> Prepare a System Security Plan	From Table A-6
<b>Task 7.</b> New Jurisdictions	From Table A-7
<b>Task 8.</b> Transition Out	From Table A-8
<b>Task 9.</b> Other Activities as Directed	From Table A-9
<b>Other Direct Costs (General--assume \$10,000/year)</b>	\$50,000
<b>Other Direct Costs (Special)</b>	From Table C, Total Program Costs
<b>Total Costs</b>	<b>\$</b>