

Emissions Trading Market Monitoring Services

Standard Agreement 2021-03

October 26, 2021



Standard Agreement ("Agreement")

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| | AGREEMENT NUMBER
2021-03 |
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1. This Agreement is entered into between Western Climate Initiative, Inc. (WCI, Inc.) and the Contractor: **Monitoring Analytics, LLC ("Contractor")**
 2. The term of this Agreement is:
Base Period beginning November 1, 2021 ("Effective Date") through January 31, 2026, with one (1) two-year Option Period beginning February 1, 2026, and ending January 31, 2028, if extended pursuant to the Agreement.
 3. The maximum amount of this Agreement is:
██████████ (USD), including Base Period and Option Period.
 4. The parties agree to comply with the terms and conditions set forth on the pages following this first page of the Agreement and 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 – Invoicing 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 Proposal

Attachment G – Contractor's Cost 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.) Monitoring Analytics, LLC		
BY (Authorized Signature) <i>signature on file</i>	DATE SIGNED (Do not type) Oct 28, 2021	
PRINTED NAME AND TITLE OF PERSON SIGNING Joseph Bowring, President		
ADDRESS 2621 Van Buren Avenue, Suite 160, Eagleville, PA 19403		
WESTERN CLIMATE INITIATIVE, INC.		
CONTRACTEE'S NAME		
BY (Authorized Signature) <i>signature on file</i>	DATE SIGNED (Do not type) Oct 28, 2021	
PRINTED NAME AND TITLE OF PERSON SIGNING Greg Tamblyn, Executive Director		
ADDRESS 1107 9th Street, Ste 1070, Sacramento, CA, 95814		

Contractor agrees, as part of the Agreement, to provide to WCI, Inc. those Market Monitoring 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 "Work Schedule" or the "Market Monitoring Services" or "Services"), provided, however, that Contractor shall not commence any Work unless expressly authorized by WCI, Inc. in writing to begin performing such Work.

This Agreement may be extended for the Option Period, and Contractor may be engaged for additional Work, only by mutual agreement of the parties in writing. The cost of the Option Period is set forth in Attachment B. The cost for additional Work must be mutually agreed to by WCI, Inc. and the Contractor based on the scope of work of the requested services.

The parties agree that the Contract for Cap and Trade Market Monitoring Services between the parties, dated December 1, 2015, as amended by Contract Amendment number 2015-03-001, effective as of January 1, 2020, (the "Old Agreement") is hereby terminated as of the first day of the term of the Agreement notwithstanding any provision to the contrary in the Old Agreement.

To the extent any inconsistencies or ambiguities arise between the provisions of the Agreement including any of the attachments of the Agreement, the following order of precedence shall be used: (1) the provisions appearing directly following the first page of the Agreement before the Attachment A Scope of Work; (2) Attachment C General Terms and Conditions; (3) Attachment B Invoicing and Payment Provisions; (4) Attachment A Scope of Work; (5) Attachment D – Individual Conflict of Interest and Confidentiality; (6) Attachment D1 Organization Conflict of Interest and Confidentiality; (7) Attachment E – Contract Insurance Requirements; (8) Attachment F Contractor's Technical Proposal; and (9) Attachment G Contractor's Cost Proposal.

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:
Name: Greg Tamblyn	Name: Joseph Bowring
Phone: 916.449.9966	Phone: 610.271.8051
Email: gtamblyn@wci-inc.org	Email: joseph.bowring@monitoringanalytics.com

Direct all administrative inquiries to:

Western Climate Initiative, Inc.	Contractor:
Attention: Eric Turcotte	Attention: Joseph Bowring
Phone: 418.209.8079	Phone: 610.271.8051
Email: eturcotte@wci-inc.org	Email: joseph.bowring@monitoringanalytics.com

Purpose / Background / Overview

A. Purpose

WCI, Inc. is contracting with Monitoring Analytics, LLC ("Contractor") to provide emissions trading Market Monitoring Services (Market Monitoring) including all tasks for the markets to be monitored as detailed in the Attachment A: Scope of Work.

All Market Monitoring 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.

B. Background

Western Climate Initiative, Inc. ("WCI, Inc.") is a non-profit corporation formed in 2011 to provide administrative and technical services supporting the implementation of its Participating Jurisdictions' greenhouse gas ("GHG") emissions trading programs.

Aiming to fight climate change in the most cost-effective way, the Participating Jurisdictions have established the largest carbon market in the Americas, and they are continuing to develop and implement their separately managed economy-wide cap-and-trade programs. Together, the Participating Jurisdictions cap-and-trade programs cover a population of more than 50 million people, representing about 3.5 trillion USD / 4.7 trillion CAD in gross domestic product (GDP) and impose a cap of 388 Mt CO₂ eq. on covered GHG emissions in 2021.

WCI, Inc. is fully funded and directed by the jurisdictions using its services. The Board of Directors for WCI, Inc. currently includes officials from the provinces of Québec, and Nova Scotia, and from the State of California (each a "Participating Jurisdiction" a term which is further defined in Attachment C).

From its creation in 2011 through the end of June 2021, WCI, Inc.'s services have supported 46 Auctions, which have generated approximately \$31.9 billion USD / \$40.6 billion CAD of Auction proceeds for its Participating Jurisdictions and California consigning entities. As of the end of June 2021, there were approximately 950 entities registered in our centralized market registry.

Over the next decade, WCI, Inc. intends to be recognized as the provider of world-class services that enable the success of its Participating Jurisdictions' emissions trading programs. Because each Participating Jurisdiction has its own regulations and administrative requirements, the secure, reliable and robust services provided by WCI, Inc. must be flexible and expandable to support the evolving needs of its Participating Jurisdictions and the onboarding of new jurisdictions that join in the future.

The Cap-and-Trade services provided by WCI, Inc. include the:

- **Registry** – a single market registry for all participants in the Participating Jurisdictions used for the issuance of emission allowances and offset credits (collectively, “compliance instruments”), recording the ownership of compliance instruments and account information, performing, and recording compliance instrument transfers, and facilitating the verification of compliance;
- **Allowance Auction and Reserve Sale Administration** – through an electronic platform that allow each Participating Jurisdiction to auction GHG emission allowances under their respective Cap-and-Trade programs;
- **Financial Services Administration** – that requires the recording of bid guarantees and financial settlement of accounts (i.e., transferring the payments from the allowance purchasers to the sellers) for Auction and Reserve Sale; and
- **Market Monitoring Services** – the focus of this Agreement. The performance of analyses by an independent market monitor to support market oversight performed by each Participating Jurisdiction.

C. Overview

Under this Agreement Contractor will provide Market Monitoring Services as further described in the twelve (12) “tasks” detailed in Attachment A: Scope of Work. The “tasks” include:

1. Develop Final Work Plan and Schedule.
2. Prepare and Maintain a Security Plan.
3. Prepare and Maintain a Monitoring Plan.
4. Monitor Compliance Instrument Holdings; WCI, Inc. Market Registry Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure with Entity Behavioral Analysis.
5. Provide Independent Review of Participant Corporate Structure.
6. Audit and Monitor the Auctions.
7. Audit and Monitor the Reserve Sales.
8. Participate in Emissions Trading Infrastructure Development, Testing and Demonstration.
9. Review Regulations and Other Program Documentation.
10. Linking with Additional Jurisdictions
11. Provide Knowledge Transfer and Ad Hoc Reports
12. Optional Task: Transition Out.

The Services are provided directly to the Participating Jurisdictions, which may maintain their own independent market monitoring activities. Therefore, the relationship of the Contractor with the Participating Jurisdictions is expected to be based on the following guiding principles:

- **Proficient:** The Contractor shall act as an emissions trading market expert and maintain cutting edge expertise and methodologies;
- **Proactive:** The Contractor shall seek continuous improvement in the quality of its deliverables and depth of its analysis and demonstrate initiative in proposing new data, studies, analysis or methodologies pertinent to the monitoring activities of the Participating Jurisdictions.
- **Prospective:** The Contractor shall show adaptive capacity based on an outstanding sense of anticipation and inference reasoning from specific or extraordinary events on monitored markets or any other relevant markets;
- **Instructive:** The Contractor shall provide advice and knowledge transfer to the Participating Jurisdictions regarding market monitoring best practices to help the Participating Jurisdictions maintain and expand their current market monitoring activities and capabilities, as needed;
- **Independent:** The Contractor shall act as an independent entity to corroborate sensitive market information by performing its own analysis and providing its own results to the Participating Jurisdictions;
- **Transparent:** The Contractor shall provide the necessary information and demonstration for the Participating Jurisdictions so that they understand the methodologies used and can reproduce any analysis or results, when required.

During the Agreement, Participating Jurisdictions may request that the Contractor provide additional services directly related to the emissions trading Market Monitoring Services. There are additional ad-hoc meetings and reports that may be requested of the Contractor by the Participating Jurisdictions individually or collectively. Also, upon receipt of any technical direction from WCI, Inc. for additional activities or administrative tasks, and once both parties agree in writing to such expansion to the scope of work, the Contractor will detail its approach in writing for the requested work and an estimate of the level of effort and budget it will need to provide the requested additional services.

Attachment A

Scope of Work

This Scope of Work (SOW) describes the detailed Market Monitoring Services that Contractor will provide under this Agreement with Western Climate Initiative, Inc. (WCI, Inc.). The markets to be monitored include:

- The current, and any future, market programs created by a Participating Jurisdiction for mitigating greenhouse gas (GHG) emissions;
- Secondary markets, including derivative markets based on compliance instruments;
- Related markets, such as energy markets and other carbon markets, that may significantly affect a compliance instrument or secondary market; and
- Other carbon or GHG emissions trading markets implemented around the world, such as emissions trading schemes (e.g., European Union, New Zealand, China) and other initiatives (e.g., Canada's Output-Based Pricing System) to inform on possible non-compliant/fraudulent behaviors or other impacts to the Participating Jurisdictions' GHG market programs.

Market Monitoring Services, including written and unwritten deliverables, shall be provided separately for each market in compliance instruments. For example, under Task 2, one security plan will be developed and maintained for the linked California-Québec market, and a separate plan will be developed and maintained for Nova Scotia and any other market created by a Participating Jurisdiction but not linked to the California-Québec market. If such a market is subsequently linked to the California-Québec market, then a single plan will be developed and maintained for the expanded linked market.

All deliverables shall be provided in English and delivered to the appropriate Participating Jurisdiction(s), as specified in each task. Upon request by WCI, Inc., Contractor shall also provide final and revised deliverables to WCI, Inc. in redacted form.

Task 1. Develop Final Work Plan and Schedule

The Contractor shall develop and implement a revisited Work Plan that indicates how the Contractor intends to execute each task and how the Contractor will interact with WCI, Inc. and Participating Jurisdictions consistent with the needs of WCI, Inc. and the Participating Jurisdictions. The schedule for completing each task element must be provided with an explanation of the appropriateness of the timeframes for each subtask. Upon receipt of the revisited 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 revisited 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. and the Participating Jurisdictions. Contractor also agrees to cooperate with WCI, Inc. to continue to update the Work Plan as needed and to improve its Services (including the development of joint metrics and analysis as the program continues to evolve).

Task 1 - Deliverables

- Revisited Work Plan: Three (3) weeks after contract initiation
- Final Work Plan: One week (1) after receipt of comments on draft

Task 2. Prepare and Maintain a Security Plan

Under this task Contractor shall provide Participating Jurisdictions with a documented plan for handling and communicating confidential information submitted by and to Contractor. The plan must recognize that confidential information must be stored and shared only on servers located in the United States or Canada, and that Contractor will use any secure file sharing service that might be approved and in use by the Participating Jurisdictions.

The Security Plan must include procedures for communicating confidential information and contributing to collective market monitoring tools – including a shared dashboard and databases for linked programs – between Contractor and Participating Jurisdictions, between Contractor and WCI, Inc., and between Contractor and other WCI, Inc. contractors.

The Security Plan, as appropriate, may incorporate and build upon the security plan currently in use under the Old Agreement. At a minimum, the Security Plan shall document the security policies and procedures surrounding the storage and management of confidential and market-sensitive data and that the following requirements are met.

- Confidential and market-sensitive data is stored in a separate secured network that is outside of the Contractor organization's main network or on a secure server(s) with restricted access.
- Contractor has designated Security Staff or Office.
- Contractor has approved security policies and procedures that are written in accordance with industry standards and frameworks.
- Contractor has not been involved in a security breach in the last five (5) years.
- Contractor must implement security control to prevent exfiltration of data from its systems.
- Contractor policies require the use of a firewall. A firewall is any device that directs or controls traffic between lower trust networks and higher trust networks.
- Contractor policies require the servers to contain the latest version of operating systems, antivirus protection, and security patches and updates.
- Contractor policies include periodic scans to discover vulnerabilities associated with server operating systems, applications, and active services that can be exploited by an intruder.
- All persons with access to data stored on the Contractor network must complete appropriate know-your customer (KYC) reviews as required by Participating Jurisdiction regulations, and confirmation of submittal of any required confidentiality and conflict of interest forms to the Participating Jurisdictions.
- Access to the Participating Jurisdictions' program information is limited to persons based on a need for specific data. Regular reviews are conducted to ensure only appropriate persons maintain access to confidential and market-sensitive data.
- Contractor servers that house confidential and market sensitive data are securely located, with limited access.
- Contractor network is auditable so that all login activity is recorded.

- Contractor policies ensure confidential and market-sensitive data cannot be stored on any portable or personal computing device.
- Contractor policies ensure controlled and limited access for authorized personnel only for remote offsite and wireless access to market-sensitive data. If Virtual Private Network (VPN) access to confidential and market-sensitive data is allowed, it is only allowed in very limited situations and to staff that have met the KYC requirements. No confidential and market-sensitive data is allowed to be downloaded but may be viewed through VPN access as that would constitute remote location storage of market-sensitive data.

Contractor shall provide suggested revisions to the existing Security Plan to Participating Jurisdictions for their review to determine if updates are necessary. Following receipt of comments on the existing plan, Contractor shall prepare a final Security Plan responsive to the comments received.

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

Task 2 - Deliverables

- Suggested Revisions to the Existing Security Plan;
- A final Security Plan that addresses comments received: Within two (2) weeks of receiving final feedback; and
- Security Report and Revisions to the Security Plan: at minimum, annually.

These deliverables shall be delivered to each Participating Jurisdiction. If there is more than one compliance instrument market in operation or development, deliverables for each market shall be provided only to the Participating Jurisdiction(s) in that market.

Task 3. Prepare and Maintain a Monitoring Plan

Under this task Contractor shall provide Participating Jurisdictions with a plan for how Contractor will monitor and analyze activities of the Participating Jurisdictions' compliance instrument and related markets, including a description of the methods and metrics to be used.

The Monitoring Plan must describe Contractor's plan for:

- Monitoring holdings and transfers of compliance instruments recorded within the WCI, Inc. market registry;
- Monitoring market structure and entity corporate structure, including the evaluation of entity behavior, ownership changes, and investigations of corporate and individual relationships;
- Tools to evaluate market participant behavior and metrics to identify anomalies and provide regular reports to the Participating Jurisdictions summarizing current market trends and activities of market participants;
- Monitoring secondary and related markets, including derivative markets and other emissions trading markets and initiatives implemented around the world, and;
- Auditing and monitoring allowance auctions and reserve sales.

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The auction and reserve sale portion of the Monitoring Plan must include Contractor's activities to monitor applicant interest, confirm bids evaluation, and certify auction and reserve sale event results, and produce detailed results report and statistics.

The Monitoring Plan must include the following elements:

- Roles and responsibilities;
- Levels of authority;
- Areas of coordination with Participating Jurisdictions, Including Criteria and timing for escalating issues (same day notification, no later than 24 hours)
- Areas of coordination with Auction Administrator;
- Resources to be applied to monitoring (staff, systems, software, and processes);
- Metrics proposed to be used, and proposed sources of information;
- Reporting requirements to Participating Jurisdictions by Contractor, including the frequency and contents of reports; and
- Procedures for monitoring auctions and reserve sales (and price ceiling sales if applicable), analyzing results, reviewing auction and reserve sale processes and compliance with regulations, acquiring auction and reserve sale data, calculating and reporting auction and reserve sale results and metrics, confirming final auction allowance distributions to successful bidders by jurisdiction and by allowance vintage and type (if applicable), and assessing the effectiveness of market rules.

The Monitoring Plan, as appropriate, may incorporate and build upon the Monitoring Plan currently in use by Participating Jurisdictions.

Contractor shall provide a revisited Monitoring Plan to Participating Jurisdictions for review in terms of meeting the requirements laid out in the SOW. Following receipt of comments on the draft plan, Contractor shall prepare and implement a final Monitoring Plan responsive to the comments received.

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

Task 3 - Deliverables

- A revisited Monitoring Plan to be submitted at least six weeks in advance of the activity or auction/reserve sale service;
- A final Monitoring Plan that addresses comments received: Within three (3) weeks of receiving final feedback; and
- Report on Monitoring Activities and Revisions to the Monitoring Plan: annually

These deliverables shall be delivered to each Participating Jurisdiction. If there is more than one compliance instrument market in operation or development, deliverables for each market shall be provided only to the Participating Jurisdiction(s) in that market.

Task 4. Monitor Compliance Instrument Holdings; Market Registry Transfer Activity; Secondary, and Related Market Activity; and Market Structure with Entity Behavioral Analysis

Under this task Contractor shall monitor, evaluate, and report relevant market activities, metrics, and structures, including any allowance holding positions or situations of beneficial holdings that may violate Participating Jurisdictions' regulations or provide opportunity to exercise market power.

Contractor shall conduct this task in accordance with the Monitoring Plan to be developed under Task 3. Contractor shall obtain primary and backup staff access to required systems and data, including the market registry; process the data using robust analytical tools (e.g., process through pre-defined algorithms to identify trends that may indicate anti-competitive behavior or accumulation of market power) and report results in usable formats (e.g., Excel); calculate appropriate metrics for analysis; and identify any issues found in allowance holdings and transfers. Contractor shall also monitor, identify, and report any issues found in allowance market activity outside of the WCI, Inc. market registry using secondary market data sources. These efforts shall include any issues related to potentially fraudulent activity affecting the compliance instrument market. Contractor shall also monitor related markets that may significantly affect a compliance instrument market, such as related energy markets and other emissions-trading systems.

Contractor shall be subject matter experts of robust, competitive commodity markets generally, how competitive commodity markets function, the behavior of rational, profit maximizing market participants, the role of contracts and how they are structured, and the state and federal laws that govern these markets. Contractor shall provide draft quarterly and annual reports to Participating Jurisdictions for review. The reports must provide a confidential review of the markets over the relevant, calendar-based reporting period, including analysis and observations regarding auctions, reserve sales, and primary, secondary, and related market activity in the reporting period. The quarterly and annual reports must include market participant bid metrics, market structure and activity metrics, and any recommendations regarding market rules. Following receipt of comments on the draft reports, Contractor shall prepare final reports responsive to the comments received.

Contractor shall support Participating Jurisdictions in Compliance Events:

- **Compliance Events:** Monitor and review account holdings and transfers of compliance instruments from entities compliance account to retirement accounts to fulfil compliance obligations. Provide regular updates and forecasts in quarterly market report updates to the Participating Jurisdictions. Compliance Obligations are defined pursuant to participating jurisdiction regulations.
 - **Year with Annual Compliance:** applies to California (e.g., November 1, 2022, is the compliance deadline for 30% of 2021 covered emissions data)
 - **Year with Three-Year Period Compliance Obligation:** applies to California and Quebec (e.g. November 1, 2021, is the compliance deadline for 2018, 2019, and 2020 covered emissions data years)
 - **Year with Period-End Compliance Obligation** – Nova Scotia (e.g., 2022)- Compliance reports will not be generated until the following year.

Access to Market Registry Data

To perform the Services, the Contractor must have the ability to access market registry data. The security required to access market registry data includes, but is not limited to, the following:

- The Contractor shall provide security controls to prevent unauthorized access to the equipment used to access the market registry. The Contractor shall implement procedures to protect Contractor's personnel's market registry account credentials (e.g., user IDs and passwords) from unauthorized disclosure. Prior to accessing the market registry, the Contractor shall implement procedures to prevent unauthorized disclosure of any data in the market registry that is accessed as part of its performance to complete the Work.
- The Contractor shall certify to WCI, Inc. that all personnel who have access to the market registry as part of performing the Work have been properly identified and evaluated for security purposes, including meeting the regulatory specifications for access to the market registry, (e.g. KYC checks). The Contractor shall maintain documentation, consistent with that required to establish access to the market registry, for each assigned personnel with market registry access, which will be made available to WCI, Inc. and the Participating Jurisdictions upon request, and in the event of any changes of key personnel, including:
 - 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.
 - Address of primary residence, which must be in the United States or Canada.
 - 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. Bank account numbers and balances should be redacted.
 - 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.
 - 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.
 - 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 and Nova Scotia Cap-and-Trade Program Regulations).
- 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.

- 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 the WCI, Inc. market registry account credentials, data, and user information. This may include the use of any systems used by WCI, Inc. and the Participating Jurisdictions such as Microsoft Teams, [REDACTED] and other secure file sharing sources.

Only authorized users will have access to the market registry. Unauthorized access including sharing of credentials is a violation of this Agreement, the WCI, Inc. market registry Terms and Conditions as well as applicable laws and regulations.

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

Task 4- Deliverables

- Ongoing analysis and communication of issues to authorized representatives of Participating Jurisdictions on a weekly or bi-weekly basis, as applicable, or more frequently as needed;
- Draft quarterly reports: Within one (1) month of the end of the quarter;
- Draft annual reports: Within one (1) month of the end of the year;
- Final quarterly reports: Within two (2) weeks of receiving final feedback; and
- Final annual reports: Within three (3) weeks of receiving final feedback.

These deliverables shall be delivered to each Participating Jurisdiction. If there is more than one compliance instrument market in operation, deliverables for each market shall be provided only to the Participating Jurisdiction(s) in that market.

For market registry access, Contractor's specific users who have completed and met the Know-Your-Customer regulatory requirements will be approved for access as a Market Monitor. The market registry users in the Market Monitoring role will have access to all user, entity, and market information in the market registry, consisting of, but not limited to, the following:

- Entity information including Entity Legal Name, Entity Operating Name, Entity Type, covered facilities, physical and mailing addresses, entity identification numbers such as Tax ID, and jurisdiction of incorporation.
- Entity account information including facility emissions, entity accounts and account balances, instrument transfers and transaction histories, violation of holding limits, limited exemptions, compliance obligations and compliance status.
- Market registry user information including personal identifiable information such as the first and last name, addresses, birth date, and association with any entities or jurisdiction.
- Jurisdiction accounts, balances, and transactions.
- Auction or reserve sale participant interest, application details, and bid guarantee amounts.

Task 5. Provide Independent Review of Participant Corporate Structure

Under this task Contractor shall maintain a database of corporate structure information, such as corporate ownership and affiliates, which can be used to track ownership and identify when market participants may be in violation of Participating Jurisdictions' regulations or may be in a position to exercise market power.¹

Contractor shall maintain access to relevant ownership and associations data (e.g., Dun and Bradstreet, Thomson Reuters, SEC 10k filings, *Registre des entreprises du Québec*, etc.) and review ownership structures using such collected data. This review will occur on a routine basis, as described in the Monitoring Plan. Based on this review, Contractor shall revise its ownership structure and relationship database. Where additional data elements would be useful (e.g., the visual mapping of corporate structures to better understand potential inter-jurisdictional issues, investment, and loan scenarios as they relate to ownership and control, and the use of management and operational agreements, etc.), the Contractor shall communicate suggested changes to data requirements to WCI, Inc. and Participating Jurisdictions.

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

Task 5- Deliverables

- A data format and template to maintain a corporate structure and relationship (i.e., associations) database and report participant corporate structure minimally applying the criteria for control and ownership as provided by the Participating Jurisdiction regulations;
- An updated data format and template, as requested by the Participating Jurisdictions;
- A corporate structure database using the data format and template of participant corporate/parent information, maintained on a routine basis jointly with the Participating Jurisdictions, per the Monitoring Plan;
- Regular quarterly and annual reports with metrics and analyses, identifying ownership and relationships to registered market participants
- Validation of corporate structure, both control and ownership criteria for specific registered and unregistered entities (where applicable), individuals, and market participants, upon request by a Participating Jurisdiction; and
- Ongoing analysis of corporate structures and affiliations and communication of issues to the jurisdictions.

These deliverables shall be delivered to each Participating Jurisdiction. If there is more than one compliance instrument market in operation or development, deliverables for each market shall be provided only to the Participating Jurisdiction(s) in that market. The data template and any revisions to the template shall also be delivered to WCI, Inc.

¹ Jurisdiction regulations may differ with respect to participant corporate structure.

Task 6. Audit and Monitor the Auctions

Under this task Contractor shall monitor the administration of and participant conduct in allowance auctions sponsored by Participating Jurisdictions, and to provide an independent review of auction performance and results and a report on the outcomes.

Contractor shall conduct this task in accordance with the Monitoring Plan to be developed under **Task 3**. Contractor monitoring of auctions shall include:

- Observing auction conduct in real time online and via conference call with jurisdiction authorities and the Auction Administrator;
- Reviewing auction processes and compliance with regulations;
- Acquiring auction data; and
- Calculating and reporting auction results and metrics.

Contractor shall provide a report for each auction, including:

- A review of auction process issues, including processes and procedures, communications, security, and auction services performance;
- A review of the auction clearing, including evaluation and/or analysis of participant behaviors or activities impacting or potentially impacting auction outcomes, validation of auction results, and auction market metrics and comparison of auction results to secondary market prices;
- Maintain a database of prior auction metrics and statistics to provide context for subsequent auctions and include an explanation of any informative or anomalous results or trends in the auction reports. This task will include analyzing auction participant behavior and activity in accordance with entity profile and market metrics to report trends, observations, and findings.
- Contractor's recommendation on whether the auction should be certified and information to support the jurisdictions' determination as to whether to certify the auction;
- Review and confirmation of final auction allowance distributions to successful bidders by jurisdiction and by allowance vintage and type (if applicable); and
- Review and confirmation of information for public auction reports to be released by the jurisdictions.

The Auction Report will be provided to the Participating Jurisdictions by no later than two business days after the auction clearing and statistics have been calculated by the Auction Administrator. In the event the auction clearing cannot be executed or properly calculated by the Auction Administrator, the execution of the settlement process and the Auction Report, including auction results and statistics, will be provided to the jurisdictions two business days after request by the relevant Participating Jurisdiction(s).

Contractor will be available to answer Participating Jurisdiction questions about the Auction Report as the jurisdictions evaluate whether or not to certify the auction results.

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

Task 6- Deliverables

- Monitoring of the auction, including providing analyses and explanations of auction activities and outcomes to Participating Jurisdiction authorities; and
- An Auction Report.

For each auction, these deliverables shall be delivered to each Participating Jurisdiction participating in that auction.

Task 7. Audit and Monitor the Reserve Sales

Under this task Contractor shall monitor the administration of and participant conduct in allowance reserve sales² sponsored by Participating Jurisdictions, and to provide an independent review of reserve sale performance and results and a report on the outcomes. California, Québec and Nova Scotia regulations require separate reserve sales for each jurisdiction.

Contractor shall conduct this task in accordance with the Monitoring Plan to be developed under Task 3. Contractor monitoring of reserve sales shall include:

- Observing reserve sale conduct in real time online and via conference call with jurisdiction authorities and the Auction Administrator (who also serves as the Reserve Sale Administrator);
- Reviewing reserve sale processes and compliance with regulations;
- Acquiring reserve sale data; and
- Calculating and reporting reserve sale results and metrics.

Contractor shall provide a report for each reserve sale, including:

- A review of reserve sale process issues, including processes and procedures, communications, security, and reserve sale services performance;
- A review of the reserve sale clearing, including evaluation and/or analysis of participant behaviors or activities impacting or potentially impacting reserve sale outcomes, validation of reserve sale results, and reserve sale metrics;
- Contractor's recommendation on whether the reserve sale should be certified and information to support the jurisdictions' determination as to whether to certify the reserve sale;
- Review and confirmation of final sale allowance distributions to successful bidders by jurisdiction; and
- Review and confirmation of information for public reserve sale reports to be released by the jurisdictions.

The Reserve Sale Report will be provided to the relevant Participating Jurisdiction by no later than two business days after the reserve sale clearing has been calculated by the Auction Administrator. In the event the reserve sale clearing cannot be executed or properly calculated

² Reserve sales currently include California "Allowance Price Containment Reserve Sales" and Québec "Sales By Mutual Agreement", and Nova Scotia "Sales by Agreement." This task may also involve monitoring of any price ceiling sale conducted by California.

by the Auction Administrator, the execution of the settlement process and the Reserve Sale Report, including reserve sale results, will be provided to the Participating Jurisdiction two business days after request by the jurisdiction. Contractor will be available to answer jurisdiction questions about the Reserve Sale Report as the jurisdiction evaluates whether or not to certify the reserve sale results.

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

Task 7- Deliverables

- Monitoring of the reserve sale, including providing analyses of reserve sale activities and outcomes to Participating Jurisdiction authorities; and
- A Reserve Sale Report. For each reserve sale, these deliverables shall be delivered to the Participating Jurisdiction in that reserve sale.

Task 8. Participate in Emissions Trading Infrastructure Development, Testing and Demonstration

Under this task Contractor shall assist WCI, Inc. and Participating Jurisdictions in the development, and testing of any new or revised auction services and in the monitoring of any auction or reserve sale conducted for demonstration or training purposes.

- Regarding testing of new or revised auction or reserve sale infrastructure, contractor shall, upon request by WCI, Inc., evaluate the auction and reserve sale services algorithm, design test cases for algorithm and auction platform testing, verify algorithm and auction and reserve sale services testing results, participate in auction and reserve sale services acceptance testing, participate in any auction or reserve sale conducted for demonstration or training purposes, and provide recommendations for improving the auction and reserve sale services and systems that aid in market monitoring and results validation.
- Regarding testing of new or revised market registry infrastructure contractor shall, upon request by WCI, Inc. or the Participating Jurisdictions, assist with designing test cases, verify testing results, participate in acceptance testing, participate in demonstrations or trainings, and provide recommendations for market registry infrastructure.

Contractor shall, upon request by WCI, Inc., evaluate the auction and reserve sale development algorithms, design test cases, contribute to Business Requirement refinements including for auction and reserve sale algorithms testing, verify auction and reserve sale algorithms testing results, participate in auction and reserve sale platform, and market registry acceptance testing, participate in any auction or reserve sale conducted for demonstration or training purposes, and provide recommendations for improving the auction, reserve sale platform services and systems, and market registry functions. The Contractor shall provide the following deliverables for this task for each test or demonstration. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

Task 8- Deliverables

- Participation in new or revised auction, reserve sale platform, and market registry services testing, demonstration and training;
- Test Cases Scenarios for Testing of the Auction and Reserve Sale Algorithms; and
- Memorandum on Contractor Findings and Recommendations.

These deliverables shall be delivered to WCI, Inc. and each Participating Jurisdiction.

Task 9. Review Regulations and Other Program Documentation

Under this task Contractor shall review Participating Jurisdictions' emissions trading program regulations and documentation and provide an independent opinion of any issues that may interfere with the efficient operation of the program or the compliance instrument markets.

Contractor shall, upon request by the Participating Jurisdictions, review documentation and provide a written list of comments, issues, and any further clarifying questions that arise in its review of the documentation. Examples of such documentation may include federal, state, national, or provincial policies, jurisdictions' existing and proposed regulations, jurisdictions' draft guidance for market participants, auction and reserve sale settlement algorithms and/or algorithm descriptions, registration filings, corporate structure and associations disclosures, and auction and reserve sale procedures.

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**.

Task 9- Deliverables

- Review of draft, proposed, and final regulations;
- Review of draft and final auction and reserve sale procedures;
- Review of auction and reserve sale guidance documents, settlement algorithms, and/or algorithm descriptions; and
- Review of any other program documentation as requested by the Participating Jurisdictions.

These deliverables shall be delivered to the appropriate Participating Jurisdiction(s) and/or WCI, Inc., depending on the nature of the documentation to be reviewed.

Task 10. Linking with Additional Jurisdictions

Under this task Contractor shall provide data and analysis to WCI, Inc. and the Participating Jurisdictions regarding any proposed linking of additional jurisdictions to the regional market already comprised of California and Québec programs. Contractor's work under this task may include, upon request by WCI, Inc. or the Participating Jurisdictions:

- Working with Participating Jurisdictions to identify corporate associations and to track the ownership and control of corporate structures across jurisdictions;

- Identifying and evaluating impacts or issues regarding market regulation or oversight that may arise as a result of linking with additional jurisdictions;
- Identifying and evaluating impacts or issues regarding market operations or performance that may arise as a result of linking with additional jurisdictions;
- Identifying any changes to market monitoring requirements that may arise as a result of linking with additional jurisdictions and developing recommendations to satisfy these requirements; and
- Responding to Participating Jurisdictions' questions regarding how best to achieve effective monitoring of an expanded market, including Contractor's ability to scale up its staff if necessary to handle the additional workload.

Task 10- Deliverables

- To be determined when the work is specified and may include conversations and memoranda.

These deliverables shall be delivered to WCI, Inc. and each Participating Jurisdiction.

Task 11. Provide Knowledge Transfer and Ad Hoc Reports

Under this task Contractor shall regularly transfer and share knowledge between Contractor, Participating Jurisdictions, and, where appropriate, WCI, Inc.

Contractor shall, upon request by a Participating Jurisdiction or at least on a quarterly basis, be available to provide knowledge, advice, and recommendations based on experience with monitoring commodity markets generally and based on observations and lessons learned from monitoring the compliance instrument markets of Participating Jurisdictions, or by observing any other related markets, including best practices for detecting and addressing potentially fraudulent activities or other examples of market abuse. This task includes participation in weekly and bi-weekly check-in meetings with Participating Jurisdictions; ongoing and period presentations on methodologies used and analyses performed, including any relevant updates to these methodologies and analyses; and proactive initiative to discuss any new relevant information with the Participating Jurisdictions and, upon request by WCI, Inc. or a Participating Jurisdiction, participation in workgroups on the development of new metrics, methodologies, analyses.

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

Task 11- Deliverables

- Periodic memoranda, presentations or/and conversations on subjects jointly determined by the Participating Jurisdiction(s) and the Contractor; and
- May include conversations, ad hoc reports, and periodic memoranda, including memoranda to WCI, Inc. on the status of deliverables provided to Participating Jurisdictions or WCI, Inc.

The deliverables for this task will be determined when the work is specified. These deliverables shall be provided to Participating Jurisdiction(s) or WCI, Inc., as appropriate.

Task 12. Optional Task: Transition Out

This is an optional task that will only be acted upon by Contractor with separate, written direction from the WCI, Inc. Executive Director. Contractor shall work with WCI, Inc., the Participating Jurisdictions, and any other vendor(s) selected by WCI, Inc., if applicable, at the conclusion of the Term, to smoothly transition Market Monitoring Services to another service provider, including training and knowledge transfer. Knowledge transfer may include the release of information deemed confidential by the Contractor, including plans, methods, processes, data, or code, but will not include the release of Contractor's proprietary information. Contractor shall provide a Contract Closeout and Turnover Plan that details the requirements of WCI, Inc. or another vendor to successfully take over services at the conclusion of the contract. The Contract Closeout and Turnover Plan must include:

- Technical requirements and staffing requirements;
- General outline of responsibilities;
- Security during transition;
- Copies of recent deliverables and reports provided to the Participating Jurisdictions within the last year;
- Data source planning;
- The agreed-upon budget for this Task; and
- Any other relevant information in completing tasks/deliverables.

Task 12- Deliverables

- Contract Closeout and Turnover Plan: three (3) months prior to the expected termination of the contract.

ATTACHMENT B

Budget Detail and Payment Provisions

Invoicing and Payment

For services satisfactorily rendered, and upon receipt and approval of the invoice, WCI, Inc. agrees to compensate the Contractor in accordance with the Contractor's Cost Proposal. The maximum payable will not exceed the value identified in the Agreement. 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 payments made to Contractor for Services in the Scope of Work shall be inclusive of all fees, excluding option of currency exchange based on set fees.

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 or Administrative Representative in advance and per WCI, Inc. policies.

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 costs identified in by the Contractor in their final cost bid. Invoices shall be submitted to the following address:

Email: operations@wci-inc.org

Western Climate Initiative, Inc.

1107 Ninth Street, Suite 1070

Sacramento, CA 95814

Budget Detail

Not-to-exceed time and material budget for the Base Period of this Agreement is [REDACTED] (USD), and [REDACTED] (USD) for the Option Period, for a maximum amount of [REDACTED] (USD) for this Agreement. See Attachment G – Contractors Cost Proposal for invoice basis.

ATTACHMENT C

WCI, Inc. 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 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 (i) evidence that the insurance coverages are being maintained and (ii) copies of the policies providing for such insurance coverages. 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 all such insurance policies and subrogation against WCI, Inc. shall be waived. 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 WCI, Inc., each of the Participating Jurisdictions and applicable law.

3. SUBSTITUTION OF KEY PERSONNEL

 Key
Personnel may be changed with prior written approval of WCI, Inc.

4. PERFORMANCE

Contractor shall perform the Work safely, in accordance with the highest standard of care, skill, and diligence provided by a professional person or company in performance of work similar to the Work, and all Work shall be of good quality and free from faults and defects. 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, the conduct of WCI, Inc.'s business operations, governmental

regulation or similar conditions, except as set forth in Sections 5 or 6 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 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. WCI, Inc. may amend or vary the terms of the Agreement unilaterally, without the need for a change order under Section 5 of these General Terms and Conditions, to allow for additional time or additional funding for performance by providing Contractor with a copy of the applicable amendment or variation signed by WCI, Inc. No other amendment or variation of the terms of the Agreement shall be valid unless made in writing and signed by WCI, Inc. and Contractor. No oral understanding or agreement outside of the Agreement is binding on any of the parties.

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 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 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 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.

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 Quebec and Nova Scotia, 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 or omission or alleged act or omission 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 fifteen (15) 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 ten (10) 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 Contractor does not cure the failure within 15 days from the notice date, or 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 complete such cure within an additional 15-day period, 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 to be so responsible in writing. 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 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 within the State of California. The arbitrators shall apply the substantive law of the State of California, without regard to its conflicts of laws provisions. Arbitration shall 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. TERM; TERMINATION

- A. The Agreement shall commence on the Effective Date set forth above and shall end January 31, 2026, unless extended or earlier terminated pursuant to this Agreement ("Base Period"). Upon mutual agreement of the parties in writing, the Agreement may be extended for one (1) two-year period at the end of the Base Period (the "Option Period," together with the Base Period, the "Term").
- B. WCI, Inc. reserves the right to terminate the Agreement in its sole discretion at any time upon thirty (30) days' prior written notice to Contractor.
- C. 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.
- D. 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 patent or copyright laws or other intellectual property rights of any kind.

24. INTELLECTUAL PROPERTY

- A. Except as set forth in the Work Schedule, 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. 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 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 (the "Contractor Work Product") infringes, misappropriates or otherwise violates a 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 based upon:
(i) Contractor Work Product that has been altered, modified or revised by anyone other than Contractor 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. Contractor will promptly notify the Indemnified Parties of any 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.

- C. Except as set forth in the Work Schedule, Contractor agrees that all Contractor Work Product created, developed, conceived, made, invented or suggested 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. and relating generally to any matter or thing that may be connected with the Agreement or in any way with WCI, Inc.'s existing or contemplated products, services or business or containing WCI, Inc.'s proprietary or sensitive information shall become the absolute and exclusive property of WCI, Inc., including (i) concepts, trademarks, slogans, works, ideas, designs, discoveries, inventions, improvements, advances, methods, practices, techniques, and developments and relationships with customers and prospective customers, (ii) reports, drawings, studies, specifications, estimates, maps, computations and other data and correspondence, (iii) software, computer programs and similar processes and (iv) materials, including books, magazines and periodicals and office material, purchased under the Agreement for 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 or conceived. Contractor shall, and shall cause its subcontractors to, agree to cooperate with and assist WCI, Inc. 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.
- D. 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.
- E. 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.

- F. 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, maps and other documents completed by Contractor as a part of the Agreement shall bear on the title page of such report, map, or document, the following legend: *"Prepared by (Insert name of Contractor) for submission under Agreement with Western Climate Initiative, Inc. The preparation of this (insert report, map or document, as appropriate) was financed in part by funds provided by (insert name of the funding agency, if applicable)."* 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, 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, knowledge, data or other 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, Work, and Contractor Work Product as Confidential Information in accordance with this Agreement. No Confidential Information, Work or Contractor Work Product 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. Use best practices to make security arrangements to protect Confidential Information from unauthorized access, collection, use, disclosure, alteration or disposal. Upon WCI, Inc.'s written request, Contractor shall provide a reasonably detailed report of the security arrangements it maintains to protect Confidential Information. WCI, Inc. or its representatives may conduct security inspections of such security arrangements upon reasonable notice to Contractor during normal business hours.
- 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 implemented by WCI, Inc., any 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 implemented by WCI, Inc., any 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 implemented by WCI, Inc., any 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. 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 or the 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.

Contractor agrees that it would be impossible or inadequate to measure and calculate WCI, Inc.'s damages from a breach of the covenants of the Agreement. Accordingly, Contractor agrees that if Contractor breaches or threatens to breach any of such covenants in the Agreement, WCI, Inc. 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 this Agreement. Contractor further agrees that no

bond or other security shall be required in obtaining such equitable relief, and Contractor 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, governmental, judicial or regulatory actions, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility. 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. SURVIVAL

The provisions of Sections 8, 10, 15, 16, 24, 25, 26, 28, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43 and 44 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 _____ 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 _____ 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 Monitoring Analytics 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 Monitoring Analytics, 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: Oct 28, 2021

Signature: signature on file

Printed Name: _____

Title: _____

Organization: Monitoring Analytics

Telephone 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 **October 26, 2021** between Western Climate Initiative, Inc. and **Monitoring Analytics, LLC**.

Attachment D1

Organization Conflict of Interest and Confidentiality Statement

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

I certify that **Monitoring Analytics, LLC** 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 and any other confidential or proprietary information which **Monitoring Analytics, LLC** 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. **Monitoring Analytics, LLC** 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 **Monitoring Analytics, LLC** that contain or are based upon confidential information.
- F. All other information identified in the Agreement as Confidential Information.

I certify that **Monitoring Analytics, LLC** 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 is authorized to disclose information pursuant to law or legal process.

I certify that **Monitoring Analytics, LLC** understands that any unauthorized disclosure of confidential information will be handled in accordance with Section 26 of the Agreement.

Date: Oct 28, 2021

Signature: signature on file

Printed Name: _____

Title: _____

Organization: Monitoring Analytics

Telephone 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 **October 26, 2021** between Western Climate Initiative, Inc. and **Monitoring Analytics, LLC**.

ATTACHMENT E

Contract Insurance Requirements

WCI, Inc. retains the right to increase insurance requirements when additional risk exposures 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) (Company) rated not less than "A: VII" in 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, without limitation, 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 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. The additional insured status shall include ongoing operations and completed operations coverage. 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 [REDACTED] 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 endorsement.
- 4. Automobile Insurance** If applicable, Automobile Liability Insurance, including liability for all owned, 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 (A) "any auto" or (B) "all owned autos, hired autos and non-owned autos".
- 5. Professional E&O Insurance** Professional Liability Insurance in an amount of not less than [REDACTED] per claim and written on a claims made bases.

6. **CYBER LIABILITY COVERAGE** 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. If the **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. 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. The Certificates of Insurance shall provide for no cancellation or modification of coverage without prior written notice to WCI, Inc. in accordance with policy provisions.
- Proper Address for Mailing Certificates, Endorsements and Notices shall be:

Western Climate Initiative, Inc.
1107 Ninth Street, Suite 1070
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 of every tier also carry insurance with the provisions of this Contract Insurance Requirements Attachment.

ATTACHMENT F

Contractor's Technical Proposal



Monitoring Analytics, LLC

Proposal Presented to the Western
Climate Initiative, Inc. in Response to
WCI RFP #2021-01

for
Emissions Trading Market Monitoring
Services

July 9, 2021



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Proposal Letter

July 9, 2021

1107 9th Street, Suite 1070
Sacramento, CA, 95814

Dear Western Climate Initiative:

Monitoring Analytics, LLC is pleased to submit this final proposal for “Emissions Trading Market Monitoring Services” to the Western Climate Initiative, Inc. in response to WCI RFP #2021-01.

This proposal documents our qualifications as a market monitor, including our record of independence and integrity, our key proposed personnel and qualifications, our experience applicable to the scope of work, and our proposed work plan and cost.

The enclosed proposal is submitted in response to RFP #2021-01, including any addenda. Through submission of this proposal, we agree to all the terms and conditions of the RFP, and we understand and agree that any inconsistent provisions in our Response may result in a lower score, up to and including disqualification. We have carefully read and examined the RFP and have conducted such other diligence as was prudent and reasonable in preparing this Response. We agree to be bound by statements and representations we make in our Response.

I certify that Monitoring Analytics:

- (1) has an official presence by having a physical office location in the United States;
- (2) has no business relationships or separate agreements in place for business-related services with a market participant that is registered to any of the Participating Jurisdictions;
- (3) can provide all required Market Monitoring Services, in accordance with all applicable national, state and provincial laws and regulations of WCI, Inc. and the Participating Jurisdictions;

This proposal includes no exceptions to the WCI, Inc. General Terms and Conditions.

The offer contained in this proposal constitutes an irrevocable offer for a period of 180 days after submission of this response.



Monitoring Analytics, LLC

RFP No. 2021-01

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We sincerely appreciate the opportunity to be of service to the Western Climate Initiative, Inc., and we look forward to continuing to provide our market monitoring services. Should you have any questions please contact me directly at 610-271-8051, or by email at Joseph.Bowring@MonitoringAnalytics.com.

Sincerely,

Joseph Bowring

President
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
United States of America

Proposal Summary

Monitoring Analytics proposes to provide market monitoring services to the Western Climate Initiative, Inc. (WCI) in response to Request for Proposal RFP #2021-01. Monitoring Analytics has served as the Market Monitor for the WCI since 2013, including the California Air Resources Board (CARB) since 2012, the Québec Ministère de l'Environnement et de la Lutte contre les changements climatiques (MELCC) since 2013, and Nova Scotia Environment since 2019.

As the incumbent Market Monitor for WCI, Inc., Monitoring Analytics has supported and contributed to the development of the CARB, MELCC, and Nova Scotia Environment emissions trading programs, and has detailed knowledge of the complex regulations and processes that have made the WCI program a success to date.

With the potential that new jurisdictions may join, WCI and its jurisdictions will benefit from the continuity provided by maintaining a trusted market monitor. Monitoring Analytics has worked with the WCI, CARB and MELCC to develop WCI's complex market and monitoring program, and can continue to build on this foundation of expertise and experience.

The total proposed not-to-exceed cost for the Emissions Trading Market Monitoring Service for the duration of September 1, 2021 through January 31, 2026, is [REDACTED]. The proposed not-to-exceed cost to extend the contract an additional two years, through January 31, 2028, is [REDACTED].

[REDACTED]

Technical Proposal

A. Technical Approach and Understanding

Monitoring Analytics presents a Technical Approach, responsive to the elements specified in the RFP:

Corporate Experience of Proposer on Similar Projects

Corporate Experience Example 1: Western Climate Initiative (WCI)

Since 2012, Monitoring Analytics has served as the Market Monitor for the WCI emissions trading program. The market monitor role started with the California Air Resources Board (CARB) in 2012, and expanded to include the Québec MELCC in 2013, and Nova Scotia Environment in 2019. Details of our role as market monitor are included throughout this proposal.

Monitoring Analytics proposes to continue to provide market monitoring services to WCI consistent with the current level of service being provided. Monitoring Analytics solid grasp of the subject area is demonstrated by our experience serving as the market monitor for the WCI emissions trading program since 2012 and the deliverables that have been provided to WCI and the jurisdictions, including, but not limited to:

- Auction Reports (40)
- Quarterly Reports (34)
- Annual Reports (12)
- FAQ Proposed Questions and Answers
- MAP Auction User Guide Edits and Comments
- MAP Prototype Review
- Review of Ownership Data
- Review of Auction and Reserve Sale Procedures
- Review of Market Cap and Trade Design and Technical Requirements
- Review of QC C&T Regulation
- Auction Requirements Review
- Review of Proposed Algorithm and Report Changes
- Reserve Sale Reports Design Review
- Review of Auction Reports Designs
- Review of QC C&T Regulation Proposed Changes
- Algorithm test cases for individual auction
- Algorithm test cases for linked auction
- Algorithm test cases for reserve sales
- Algorithm test cases for sales by mutual agreement
- MA memo on AA Test Case Results
- MA memo on WCI UAT Results
- MA memo on Exchange Rate Recommendation in Linked Auction
- MA memo on Bid Report Issue
- MA memo on Auction Summary Report Statistics Issues
- MA memo on Median Metrics
- MA memo on auction metrics
- MA memo on application of bid guarantee

- MA memo on At Risk Entity Review
- MA memo on Minimizing and resolving rounding error issues in linked auction
- MA memo on Post auction allowance allocation methodology suggestions
- Review of Regulation Updates
- User Acceptance Test Issues
- MA memo on concerns regarding the September 14, 2018, update to the linked market holding limits
- MA memo on WCI UAT results produced by Auction Administrator
- Monitoring Plan for Western Climate Initiative - Nova Scotia

Total contract actuals since 2016 are approximately [REDACTED], on a not to exceed budget of over [REDACTED].

Corporate Experience Example 2: PJM Interconnection

Monitoring Analytics has over twenty years of experience as the independent market monitor for PJM. Monitoring Analytics, LLC was established as a separate company in 2008, created by the Market Monitoring Unit of PJM Interconnection. PJM Interconnection, a regional transmission organization, ensures the reliability of the electric power supply system in 13 states and the District of Columbia. Since 1999, the PJM Market Monitoring Unit has been responsible for promoting a robust, competitive and nondiscriminatory electric power market in PJM by implementing the PJM Market Monitoring Plan. Monitoring Analytics continues to serve as the Independent Market Monitor for PJM under a long-term contract. Monitoring Analytics has extensive experience producing reports on a variety of market topics. Our reports and presentations can be found on the Monitoring Analytics web site at: <http://www.monitoringanalytics.com>.

The total value of the contract with PJM is approximately [REDACTED] from 2016 through 2021. This long term contract with PJM benefits the WCI, as Monitoring Analytics is able to maintain a deep staff of experienced analysts who can reliably provide market monitoring services.

Approach to the Project

The Proposer shall provide a brief outline of its capacity to provide the Market Monitoring Services, including:

- *Current administrative and operational processes, data systems and programs, and controls offered that will be used to meet the objectives of the Market Monitoring Services (and all tasks) required, including timely delivery and high-quality performance of each task.*

Monitoring Analytics response:

Monitoring Analytics has developed software and processes for securely collecting, storing, analyzing, and reporting on data from the WCI auction platform, from the CITSS database, and directly from the jurisdictions to support the WCI program.

The Monitoring Analytics Market Monitoring Services have evolved and continue to evolve with feedback from the jurisdictions, and we have an understanding of the rhythm

of support meetings and monitoring deliverables that are required to support the emissions trading program. Monitoring Analytics continues to be open to feedback from the jurisdictions about the design of the Market Monitoring Services, and continues to actively discuss and develop joint enhancements to reporting, analysis, and market/regulation design. For example, Monitoring Analytics identified the need to carefully monitor and consider the increasing effect of primary and secondary market activity by participants without emission obligations under the WCI program. As defined under the WCI program, the WCI allowance is a valuable commodity, not only as a means of meeting emission obligations, but as a financial instrument due to a guaranteed and escalating price floor and built in scarcity over time. The increased activity by participants without emission obligations (financial participants), including money market managers, is a natural result of the inherent value of the allowances as a financial instrument, particularly as confidence in the WCI program grows. In order to ensure that the jurisdictions are aware of the increased market activity by financial participants, Monitoring Analytics is working with the jurisdiction monitoring staffs to develop joint analysis, monitoring tools and metrics to track the effects of this activity on the functioning, efficiency and effectiveness of the WCI program. The objective of this effort, in our role as WCI's independent market monitor, is to provide the analytical framework and expert advice to facilitate an informed policy discussion by the jurisdictions about the scale and scope of market participation by financial participants in the WCI program.

- *Key issues and potential problems where Proposer will not be able to provide the Market Monitoring Services (or any tasks) required. Discuss mitigations, alternatives and options which would lead to successful performance of services and ability to complete task deliverables.*

Monitoring Analytics response:

There are no issues or problems where Monitoring Analytics would not be able to provide the required Market Monitoring Services. Our track record of delivering the services and of being flexible and open to jurisdiction feedback demonstrates that the services will continue to be delivered successfully. Monitoring Analytics is dedicated to continuing to update and improve our monitoring of the WCI program and continuing to develop joint metrics and analysis with the jurisdiction monitoring staffs. Monitoring Analytics is also dedicated to leveraging existing data platforms maintained by the jurisdictions to develop and support collective monitoring tools and data resources that are directly accessible by the jurisdictions.

- *A timeline for implementation of all Market Monitoring Services to be provided to the Participating Jurisdictions. Identify any risks for delays in the timeline, and how these risks can be mitigated. Include where services will need to be developed or customized to meet the objectives of the Market Monitoring Services. The timeline must identify the first Auction for which Proposer will be able to provide Market Monitoring Services.*

Monitoring Analytics response:

Monitoring Analytics is ready to provide the services under this contract immediately upon the expiration of the existing contract between WCI and Monitoring Analytics.

Monitoring Analytics has a demonstrated ability to develop detailed analysis that is updated and modified to timely meet the changing needs of the program over time. For example, Monitoring Analytics has successfully scaled up and adjusted our services to support the addition and withdrawal of jurisdictions, both separately and as part of a pre and post integration effort. Monitoring Analytics is dedicated to continuing to update and improve our monitoring of the WCI program and continuing to develop joint metrics and analysis with the jurisdiction monitoring staffs. In addition to our own monitoring efforts, Monitoring Analytics is dedicated to leveraging existing data platforms maintained by the jurisdictions [REDACTED] [REDACTED] [REDACTED] [REDACTED] to develop and support collective monitoring tools and data resources that are directly accessible by the jurisdictions.

- *The location(s) where work will be conducted, and any coordination required if multiple offices are proposed to implement and ultimately provide the Monitoring Services.*

Monitoring Analytics response:

Monitoring Analytics will conduct the required work from the Monitoring Analytics office in Eagleville, Pennsylvania or from approved remote locations if pandemic protocols remain in place.

- *The outline of the management plan/organizational structure describing the management structure and project organization (including roles, responsibilities, and processes) that would be used to ensure effective communication and coordination with WCI, Inc., the Participating Jurisdictions, and other WCI, Inc. contractors, both during implementation and provision of the Market Monitoring Services.*

Monitoring Analytics response:

The Monitoring Analytics team will be led by [REDACTED] as Project Manager. [REDACTED] will provide guidance and direction to the Monitoring Analytics team, and will be available to advise WCI, Inc., and the jurisdictions. [REDACTED] will be involved in the design and production of all deliverables and analytical work product.

Day to day direction for this project will be provided by [REDACTED]
[REDACTED] Monitoring Analytics.

[REDACTED] will be responsible for communications with WCI and jurisdiction staff and developing and coordinating analysis. [REDACTED] regularly coordinates progress, planning, and implementation of tasks through weekly calls with WCI and jurisdiction staff.

Staff analysts will support the day to day execution of the Monitoring Plan.

Information Technology support will be provided by [REDACTED]
[REDACTED] Monitoring Analytics. Monitoring Analytics has a full staff of IT and analytical resources available to support the project team in maintaining a technical environment, executing analysis or developing work product.

Day to day operations support will be provided by [REDACTED]
Monitoring Analytics.

The specific task by task roles and responsibilities and labor hours proposed are detailed in the “Work Plan and Work Schedule” section of this proposal.

This proposal defines the budgets for each of the twelve proposed tasks, and breaks each of the twelve tasks into sub-tasks, which can be used to track progress and to support the billing process.

Monitoring Analytics will provide billing data based on Work Breakdown Structure codes in our time reporting system, into which our project team report their labor hours.

This management structure and the associated processes have been in place and successfully supported the WCI market monitoring effort since our work with WCI began in 2012.

In Table A15 and Table A16 of this proposal, we estimate the percent of work hours that each resource will bill WCI for the market monitoring effort, as well as the hours per month. Monitoring Analytics staff will be available for 100 percent of the hours required to complete the WCI market monitoring task.

- *An overview of a proposed Monitoring Plan that describes how the tasks in the Scope of Work will be completed using one calendar year worth of activities (e.g., January 1, 2022 to December 31, 2022) to estimate the extent of work to be completed, timing, labor, and costs involved. This overview of a proposed Monitoring Plan should include a summary describing the possible market reports and deliverables within that calendar year that would be provided to the Participating Jurisdictions to meet the task requirements.*

Monitoring Analytics response:

The following “Work Plan and Work Schedule” section describes the Market Monitoring Services tasks, and is the basis of the “not to exceed” budget required to complete the scope of work.

B. Work Plan and Work Schedule

The following twelve tasks are proposed to be performed as specified in Attachment A of the RFP. Monitoring Analytics includes the following additional details as explanation for how we will satisfy the scope of the RFP, but for purposes of reducing the length of the proposal, the scope of work in the RFP is included by reference, rather than including it word for word in this document.

The following sections also present the anticipated subtasks and resource hours estimated for each of the twelve tasks.

The approximate time frame for each of the tasks and associated subtasks is also included in Appendix C, Task Timing.

Task 1: Develop Final Work Plan and Schedule

Monitoring Analytics, the WCI, and the WCI jurisdictions have converged on a work plan and a work schedule that guides Monitoring Analytics through our delivery of the Market Monitoring Services. [REDACTED]

[REDACTED] Throughout the period of the contract, the work plan and schedule can be revisited and maintained consistent with the needs of WCI and the participating jurisdictions. Monitoring Analytics is dedicated to continuing to update and improve our monitoring of the WCI program as the program continues to evolve and mature. Monitoring Analytics is dedicated to continuing to update and improve our monitoring of the WCI program and continuing to develop joint metrics and analysis with the jurisdiction monitoring staffs. In addition to our own monitoring efforts, Monitoring Analytics is dedicated to leveraging existing data platforms maintained by the jurisdictions [REDACTED] [REDACTED] [REDACTED] to develop and support collective monitoring tools and data resources that are directly accessible by the jurisdictions.

	BASE PERIOD							OPTION PERIOD						
	Name							Name						
Task 1. Develop Final Work Plan and Schedule	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours
Develop Final Work Plan and Schedule														
Maintain Work Plan														
Total														

Task 2: Prepare and Maintain a Security Plan

Security and confidentiality are part of the culture of Monitoring Analytics. Under the direction of [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED], we have developed information systems architecture and processes, policies, and procedures to be compliant with the NERC CIP requirements of PJM Interconnection. Monitoring Analytics will maintain the same high level of organizational capability, maturity and security for the WCI as is done for PJM Interconnection.

Monitoring Analytics existing procedures provide for secure transfer of data with the WCI jurisdictions using the data platforms supported by the jurisdictions and the secure FTP site managed by Monitoring Analytics. Monitoring Analytics plans to leverage existing data platforms supported by the jurisdictions, with jurisdiction approved security protocols, to develop and support collective monitoring tools and data resources that are directly accessible by the jurisdictions.

Monitoring Analytics proposes to use our existing policies and procedures, information systems and security assets, documentation, and organizational experience for this WCI Market Monitoring engagement. We have the opportunity to provide this high level of security assurance without having to develop it for this work. As a result, we can offer this capability without additional costs to WCI. [REDACTED]

[REDACTED]

The existing Security Plan includes the following sections, which will be reviewed in detail to determine if updates are necessary: [REDACTED] [REDACTED] [REDACTED]

[REDACTED]

The following is the work plan for the sub tasks described for this Task 2, "Prepare a System Security Plan".

	BASE PERIOD							OPTION PERIOD						
	Name							Name						
Task 2: Prepare and Maintain a Security Plan	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours
Prepare Security Plan														
Ongoing Maintenance														
Total														

Task 3: Prepare and Maintain a Monitoring Plan

The foundation of a market monitoring program is a well defined Monitoring Plan, understood by the market monitor, the responsible regulators, and the market administrator. The object of the Market Monitoring Plan is to define the responsibilities to objectively monitor, investigate, evaluate and report on the emissions trading program.

Monitoring Analytics has developed a Market Monitoring Plan for the WCI, and proposes to continue to execute that plan. Monitoring Analytics continually reviews its metrics and analysis as part of its existing Monitoring Plan and shares the results of these reviews with the jurisdictions. For example, Monitoring Analytics updates and revises the qualified bid metrics used by the jurisdictions to review bidding behavior in the auctions. Monitoring Analytics review of the metrics showed issues with the definitions which made it difficult for the jurisdictions to verify and replicate some of the summary table metrics. The issues were identified and communicated to the jurisdictions and Monitoring Analytics has led the effort to revise the officially accepted metrics to correct for the issues. Monitoring Analytics will also review the structure of the existing Monitoring Plan and make updates as appropriate in consultation with the WCI and the jurisdictions. [REDACTED]

As part of its monitoring effort under the Monitoring Plan, Monitoring Analytics monitors WCI secondary market activity, including the financial derivatives market and market activity by money market interests on a regular basis (Task 4). Monitoring Analytics monitors and reports on WCI secondary market activity and its interactions with the WCI auctions (Task 4 and Task 6). Monitoring Analytics has automatic systems and manual systems that update the information daily. The information is summarized and reviewed and presented to the jurisdictions during the weekly monitoring call, along with a general review of macroeconomic data that may affect the secondary market. Monitoring Analytics provides information and analysis of the secondary market in every auction report, quarterly report and annual report presented to the jurisdictions, and in memos, via [REDACTED] (Task 4, Task 6 and Task 11). Monitoring Analytics review of the secondary markets and market holdings have been rolled up and regularly billed as Task 6 and Task 11, as the information is provided formally in auction reports (Task 6), quarterly reports (Task 11), annual reports (Task 11), memos (Task 11) and meetings (Task 11). As part of its Monitoring Plan, Monitoring Analytics will use the jurisdictions' existing [REDACTED] platform to regularly update this information for purposes of supporting the joint monitoring effort and joint market analysis.

Monitoring Analytics also reviews WCI secondary market activity (Task 4) as recorded in the CITSS data on a weekly basis, with particular attention to residual supply metrics, allowances held by market participants without allowance obligations, and holdings relative to obligations among participants with emission obligations. The results of this analysis are provided regularly in auction reports (Task 6), quarterly reports (Task 11), annual reports (Task 11), memos (Task 11) and meetings (Task 11). Specific metrics are detailed in the confidential reports provided to the jurisdictions and in joint analytical projects. As part of this monitoring effort, Monitoring Analytics has worked with, and will continue to work with, the jurisdictions to develop residual supplier/pivotal holdings analysis of the WCI market structure. [REDACTED]

[REDACTED]

As part of its monitoring effort under the Monitoring Plan, Monitoring Analytics monitors, reviews, audits and reports on the WCI auctions (Task 6). As part of this effort, Monitoring Analytics reviews the adherence to regulatory requirements and the functioning of the auction platform itself, including verification of the auction results and auction summary statistics. Specific metrics are included in the confidential reports provided to the jurisdictions. Monitoring Analytics also monitors, reviews and reports on participant behavior leading up to, within and between auctions (Task 4 and Task 6). The results of this analysis are provided regularly in auction reports (Task 6), quarterly reports (Task 11), annual reports (Task 11), memos (Task 11) and meetings (Task 11).

Monitoring Analytics regularly provides a review of participant corporate structures (Task 5). As part of the Monitoring Plan, Monitoring Analytics provides a review based on corporate associations as defined in the regulations. Monitoring Analytics also provides a detailed and in depth review of ownership based on ultimate parents that incorporates financial interests not always reflected in direct ownership metrics. The results of both reviews are regularly provided to the jurisdictions. Task 5 under the Monitoring Plan also includes providing advice (Task 11) to the jurisdictions about reviewing applicants for relationships designed to circumvent holding limit protections in the market, for example through the use of beneficial holdings. Monitoring Analytics has worked with the jurisdictions to identify specific ownership structures that are of concern (Task 5). Monitoring Analytics also provides in depth investigations of new applicants upon jurisdiction request (Task 5).

As part of its Monitoring Plan, Monitoring Analytics has worked with the jurisdictions to regularly review and update the metrics and analysis it uses to monitor the markets with the jurisdictions and has refined, and will continue to refine, the metrics and analysis provided in the weekly monitoring calls, memos and regular reports. Monitoring Analytics, as part of its Monitoring Plan, will continue to inform the jurisdictions of the evolving set of metrics used to monitor the market so that jurisdictions can understand and replicate the metrics used as part of the joint monitoring effort. Monitoring Analytics is dedicated to continuing to develop joint metrics and analysis with the jurisdiction monitoring staffs and to sharing its expertise with the jurisdictions.

The Monitoring Plan includes the following elements: Roles and responsibilities; Levels of authority; Areas of coordination with regulators and the Auction Administrator (AA); Avenues for referral to regulators; Data requirements of market administrators and

participants; Resources to be applied to monitoring (staff, systems, software and processes); Metrics proposed to be used, and proposed sources of information; Reporting requirements of the market monitor; Procedures for monitoring auctions, analyzing results, and assessing the effectiveness of market rules; and Procedures for monitoring and analyzing secondary market activity and assessing the effectiveness of the market rules regarding secondary market activity.

The following is the work plan for the sub tasks described for this Task 3, "Prepare a Monitoring Plan".

	BASE PERIOD							OPTION PERIOD						
	Name							Name						
Task 3. Prepare and Maintain a Monitoring Plan	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours
Prepare Monitoring Plan														
Ongoing Maintenance														
Total														

Task 4: Monitor Compliance Instrument Holdings; CITSS Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure

Monitoring Analytics has, in its role as the market monitor, created and maintained an Oracle database to contain data gathered from CITSS and other data relevant to monitoring the WCI Cap-and-Trade program. Monitoring Analytics will, in its role as the market monitor, continue to populate and maintain an Oracle database containing data gathered from CITSS and other data relevant to monitoring the WCI Cap-and-Trade program, including data from public and commercial sources.

Monitoring Analytics monitors WCI secondary market activity, including financial derivatives markets and market activity by nonparticipants on a regular basis. Monitoring Analytics monitors and reports on WCI secondary market activity and its interactions with the WCI auctions. Monitoring Analytics has automatic systems and manual systems that update the information regularly. The information, together with a review of macroeconomic data that has influenced the secondary market activity, is presented to the jurisdictions during the weekly monitoring call, and in auction reports, quarterly reports and annual reports.

Monitoring Analytics reviews WCI secondary market activity as recorded in the CITSS data on a weekly basis, with particular attention to residual supply metrics, allowances held by market participants without allowance obligations and holdings relative to obligations among participants with emission obligations. The results of this analysis are provided regularly in auction reports (Task 6), quarterly reports (Task 11), annual reports (Task 11), memos (Task 11) and meetings (Task 11). Specific metrics are detailed in the confidential reports provided to the jurisdictions.

In its review of WCI secondary market activity, Monitoring Analytics also monitors, reviews and reports on participant behavior in the auctions. Monitoring Analytics studies secondary market activity and holdings leading up to and between auctions (Task 4 and Task 6). The results of this analysis are provided regularly in auction reports (Task 6), quarterly reports (Task 11), annual reports (Task 11), memos (Task 11) and meetings (Task 11). This analysis is used to review the market for unusual or potentially disruptive

activity such as unusual short or long positions among participants with emission obligations and hoarding behavior (holding and not retiring or selling) among participants without emission obligations. As part of this monitoring effort, Monitoring Analytics has worked with, and will continue to work with, the jurisdictions to develop residual supplier/pivotal holdings analysis to study the WCI market structure.

Monitoring Analytics provides information and analysis of the secondary market in every auction report, quarterly report and annual report presented to the jurisdictions, as well as memos, via [REDACTED]. Monitoring Analytics review of the secondary markets and market holdings have been rolled up and regularly billed as Task 6 and Task 11 as the information is provided formally in auction reports (Task 6), quarterly reports (Task 11), annual reports (Task 11), memos (Task 11) and meetings (Task 11).

As part of its Monitoring Plan, Monitoring Analytics will leverage the jurisdictions' existing [REDACTED] platform to regularly update this information for purposes of supporting the joint monitoring effort and joint market analysis.

As part of its Monitoring Plan, Monitoring Analytics will leverage the jurisdictions' existing [REDACTED] platform to regularly support joint monitoring efforts.

Monitoring Analytics currently tracks and monitors holdings at the associate and parent level, rolling up affiliate positions to a single ultimate owner account, to monitor for anti-competitive or anomalous behavior such as hoarding. Monitoring Analytics currently assists and will continue to assist the jurisdictional tracking of corporate relationships for purposes of verifying corporate associations and to enforce purchase and holding limits protections in the market. This data is regularly shared with the jurisdictions.

The following is the work plan and schedule for the sub tasks described for this Task 4, "Monitor Allowance Holdings and Transfer Activity". In the existing contract, most of the CITSS data monitoring has been billed as part of the quarterly/annual reports or auction monitoring tasks. However, for the purpose of establishing a budget, the effort for Task 4 CITSS monitoring will include subtasks for those deliverables.

	BASE PERIOD							OPTION PERIOD						
	Name							Name						
Task 4: Monitor Compliance Instrument Holdings; CITSS Transfer Activity; Secondary Derivative and Related Market Activity; and Market Structure	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours
Capture & Convert CITSS Data: Update Infrastructure														
Analyze Holdings: Secondary Market Data														
Weekly Meetings with Jurisdictions: WCI														
Quarterly Reports														
Annual Reports														
Total														

Task 5: Provide Independent Review of Participant Corporate Structure

Monitoring Analytics staff is currently responsible for processing parent information provided by WCI and the jurisdictions, and comparing that information to information collected from public and/or commercial sources. Monitoring Analytics will continue to use this information to assist the jurisdictional tracking of corporate relationships for purposes of verifying corporate associations. Monitoring Analytics will continue to maintain a database to track corporate structure and ultimate parent assignment for

market power analysis. Monitoring Analytics will confirm the results of this analysis with the jurisdictions. In the existing contract, most of the corporate structure monitoring has been billed as part of the quarterly/annual reports or auction monitoring tasks. However, for the purpose of establishing a budget, the effort for Task 5 Corporate Structure Monitoring will include subtasks for those deliverables.

Monitoring Analytics regularly reviews participant corporate structures. As part of the Monitoring Plan, Monitoring Analytics provides a review based on corporate associations as defined in the regulations. Monitoring Analytics also provides a detailed and in depth review of ownership based on ultimate parents that incorporates financial interests not always reflected in direct ownership metrics. These reviews are completed in the period leading up to each auction, quarterly report and annual report. When issues are found, the results are immediately provided to the jurisdictions. Task 5 also includes providing advice (Task 11) to the jurisdictions about reviewing applicants for relationships designed to circumvent holding limit protections in the market, for example through the use of beneficial holdings. Monitoring Analytics has worked with the jurisdictions to identify specific ownership structures that are of concern. Monitoring Analytics also provides in depth investigations of new applicants upon jurisdiction request. Task 5 is the foundation for Task 4 and Task 6. Task 4 and Task 5 include the review of holdings, including long and short positions, based on corporate associations as defined by the regulations and based on the ultimate parent, as defined by Monitoring Analytics review.

	BASE PERIOD							OPTION PERIOD						
	Name							Name						
Task 5. Provide Independent Review of Participant Corporate Structure	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours
Receive Manage and Process Jurisdiction CITSS Internet and Subscription Data														
Perform Ultimate Parent Market Power Analysis														
Review and Confirm Analysis with Jurisdictions														
Total														

Task 6: Audit and Monitor the Auctions

Monitoring Analytics staff currently monitors and will continue to monitor the structure, conduct, and performance of the Cap and Trade auctions. This monitoring takes place prior to the auctions (in the auction design and participant registration and qualification stages); during the auctions (on conference calls with the Auction Administrator and jurisdiction staffs, and observing bids through the auction application); and after the auctions (reviewing post auction results and activity in the secondary markets.)

Monitoring Analytics monitors, reviews, audits and reports on the WCI auctions. As part of this effort, Monitoring Analytics reviews the adherence to regulatory requirements and the functioning of the auction platform itself, including the verification of the auction results and auction summary statistics. Specific metrics are detailed in the confidential reports provided to the jurisdictions. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The impact of adding additional new jurisdictions

will depend on whether the new jurisdiction will conduct joint auctions with CARB and MELCC, or if the new jurisdiction requires independent auctions, and the number of independent auctions that will be held.

The following is the work plan for the sub tasks described for this Task 6, "Audit and Monitor the Auctions."

	BASE PERIOD						Total Hours	OPTION PERIOD						Total Hours
	Name	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant		Name	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	
Task 6: Audit and Monitor the Auctions														
Gather and Process Auction Data														
Monitor Conduct of Auction														
Analysis of Auctions														
Auction Report														
Total														

Task 7: Audit and Monitor the Reserve Sales

The effort for this task is proposed to match that of monitoring an auction. Each jurisdiction has its own rules for reserve sales and any reserve sale will be conducted independently by each jurisdiction. Reserve sales are not expected in the near term, but if they are requested by qualifying participants under the governing regulations and approved by the applicable jurisdiction, there could be more than one reserve sale in a given compliance period. To date, the WCI jurisdiction reserve sales have not required market monitoring effort. This estimated effort assumes that reserve sales will occur. If there are no reserve sales there will be no effort incurred.

The following is the work plan for the sub tasks described for this Task 7, "Audit and Monitor the Reserve Sales."

	BASE PERIOD						Total Hours	OPTION PERIOD						Total Hours
	Name	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant		Name	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	
Task 7: Audit and Monitor the Reserve Sales														
Gather and Process Reserve Sale Data														
Monitor Conduct of Reserve Sales														
Analysis of Reserve Sales														
Reserve Sale Report														
Total														

Task 8: Participate in Auction Services Testing and Demonstration

Under the current contract with WCI and the jurisdictions, Monitoring Analytics has played a significant role in evaluating the auction platform functionality and auction clearing logic. In 2021 to date, Monitoring Analytics has provided significant UAT support services in testing the new WCI auction platform.

If new features are added to the auction platform, Monitoring Analytics expects that there will be a need for additional testing as the new features are verified. If a new jurisdiction joins WCI, Monitoring Analytics expects that there will be a need for additional testing if the addition of the new jurisdiction requires modifications to the existing auction application or interface.

The following is the work plan for the sub tasks described for this Task 8, "Participate in Auction Services Testing and Demonstration."

	BASE PERIOD							OPTION PERIOD						
	Name							Name						
	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours
Task 8. Participate in Auction Services Testing and Demonstration														
Consultation on Auction Algorithms														
Development of Auction Test Cases														
Auction Platform Testing - Monitoring														
Meetings with AA and Jurisdictions re AA Development														
Observation of and Memoranda on AA Development														
Support for Ongoing AA Enhancements														
Total														

Task 9: Review Participating Jurisdiction Regulations and Other Program Documentation

Monitoring Analytics has provided and will continue to provide the advice requested in the RFP. In the past, Monitoring Analytics has provided a thorough review of the documented auction rules, regulations, FAQs, auction examples, public announcements and jurisdictional reports. These reviews have resulted in policy advice and recommendations. Monitoring Analytics provided this service through meetings, presentations, memos, emails, spread sheets and reports as needed. Monitoring Analytics has also provided recommendations with regard to changes to jurisdictional regulations in auction, quarterly and annual reports. Monitoring Analytics stands ready to provide this service to any member jurisdiction upon request. Monitoring Analytics proposed work plan includes support for a requested review of the Nova Scotia program.

Consideration is given to the possibility that new jurisdictions will be added to the WCI, and the effort required to harmonize the regulations of new jurisdictions with the regulations of existing participating jurisdictions.

The following is the work plan for the sub tasks described for this Task 9, "Review Participating Jurisdiction Regulations and Other Program Documentation".

	BASE PERIOD							OPTION PERIOD						
	Name							Name						
	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours
Task 9. Review Participating Jurisdiction Regulations and Other Program Documentation														
Review CA regulations														
Review QC regulations														
Review NS regulations														
Review New Jurisdiction Regulations														
Review Other Documentation														
Total														

Task 10: Linking with Additional Jurisdictions

The addition of new jurisdictions to the WCI program would require additional effort for integrating the new jurisdictions into existing processes, as well as updating and testing existing analytical and data infrastructure.

The following is the work plan for the sub tasks described for this Task 10, "Linking with Additional Jurisdictions."

	BASE PERIOD							OPTION PERIOD						
	Name							Name						
	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours	Role	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours
Task 10. Linking with Additional Jurisdictions														
Meetings with Linking Jurisdictions														
Impact on Analytic Work (Code and Processes)														
Impact on Infrastructure														
Testing AA Algorithms														
Total														

Task 11: Provide Knowledge Transfer and Ad Hoc Reports

Monitoring Analytics participates in weekly (WCI) and biweekly (NS) monitoring meetings with Participating Jurisdictions to discuss policy, the results of ongoing monitoring efforts and any issues that have been observed. Monitoring Analytics meets regularly with the jurisdictions and WCI to provide knowledge, expert advice and recommendations based on experience with monitoring markets and based on observations and lessons learned from monitoring the compliance instrument markets of Participating Jurisdictions. As part of this task, Monitoring Analytics has and will continue to initiate, support and participate in ongoing and periodic presentations on methods used and analyses performed, including updates to these methods and analyses, and recommendations for the development of new metrics, methods and analysis.

As part of this task, Monitoring Analytics works with the jurisdictions to regularly review and update the metrics and analysis used to monitor the markets and has refined, and will continue to refine, the metrics and analysis provided in the weekly monitoring calls, memos and regular reports. Monitoring Analytics has a strong track record of informing the jurisdictions of the evolving set of metrics used to monitor the market so that jurisdictions can understand and replicate the metrics used as part of the joint monitoring effort. Monitoring Analytics is dedicated to continuing to develop joint metrics and analysis with the jurisdiction monitoring staffs and to sharing its expertise with the jurisdictions.

	BASE PERIOD							OPTION PERIOD						
	Name:							Name:						
Task 11 Provide Knowledge Transfer and Ad Hoc Reports	Role:	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours	Role:	Project Manager	Senior Consultant	Senior Systems Consultant	Senior Consultant	Consultant	Total Hours
Meetings														
Analysis														
Ad Hoc Reports														
Total:														

Task 12: Optional Task: Transition Out

The level of effort for Tasks 11 and 12 remains undefined, as specified in the RFP. The following are the hours allocated to these tasks, as required in the RFP.

Labor Category	Task 11		Task 12	
	Base	Option	Base	Option
Project Manager				
Senior Consultant				
Consultant				
Junior Consultant				
Senior Systems Consultant				
Systems Consultant				
Systems Analyst				
Clerical/Admin Support				

Discussion of Potential Conflicts of Interest

Monitoring Analytics takes pride in our clearly defined and, to the best of our knowledge, unique independence from conflicts of interest. Monitoring Analytics is an independent consulting firm that serves as the Independent Market Monitoring Unit for PJM Interconnection. In our role as the PJM Market Monitor, Monitoring Analytics monitors the market in accordance with our governing tariff. Monitoring Analytics staff cannot have financial interests in any company that is a PJM market participant or directly related to a PJM market participant.¹ As also required by the governing tariff, Monitoring Analytics cannot act on behalf of, or provide consulting services to, any PJM market participant.² This prohibition extends to consulting for organizations that represent specific energy industry interests, including for example, EPSA, SEIA, NEI, AWEA, and EEI.

Monitoring Analytics continues to observe the highest possible standards for confidentiality and avoiding conflicts of interest in our ongoing work for WCI, Inc. Every Monitoring Analytics staff member involved in analysis of WCI information must first sign the confidentiality statement that is included in the contract between WCI and Monitoring Analytics. These signed statements are kept on file, and provided to the WCI Executive Director. Monitoring Analytics will continue to take exactly the same approach to independence and avoidance of all conflicts of interest in our work for the WCI, Inc. as we do as Market Monitor for the PJM markets.

In our role as PJM Market Monitor, we handle large amounts of confidential information as part of our core function. We are required to meet the same data security requirements met by PJM. Monitoring Analytics, in our role as PJM Market Monitor is subject to IT security audits and hires an IT security consultant to evaluate our security. Monitoring Analytics maintains data security while providing public market metrics that provide transparency into the functioning of the competitive markets and ensuring that the public interest is served.

¹ See PJM OATT Attachment M§ IX.

² See PJM Open-Access Transmission Tariff Attachment (OATT) M§§ I & III.C.

Fee Proposal

The total maximum not-to-exceed fee for this proposal is [REDACTED] for the base period and [REDACTED] for the option period, not including any applicable sales tax.

As specified in the RFP 2021-01, for each task, the cost will be specified on a Time and 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.

[REDACTED]

[REDACTED] The WCI, Inc. RFP has established the requirement that individual task budgets are not to exceed the proposed limit for each task (notwithstanding the overall project budget) unless approved in writing by WCI, Inc. Should an individual task consume more budget than originally proposed for that task, Monitoring Analytics and WCI, Inc. will work together to reallocate the total budget to reflect the relative effort of each task.

Jointly with the WCI administration, and the CARB and MELCC staffs, we have developed a mature market monitoring program [REDACTED]

[REDACTED]

The offer contained in this proposal constitutes an irrevocable offer for a period of 180 days after proposal submission.

The details of the Fee Proposal are included in the cost tables in Appendix B.

Requested Revisions to WCI, Inc.'s Standard Agreement

Monitoring Analytics accepts the WCI, Inc. Standard Terms and Conditions.

Appendix A: Resumes of Proposed Resources

Pages 23 - 35 of the proposal from Monitoring Analytics contains information about key personnel, organizational and references.

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

ATTACHMENT G

Contractor's Cost Proposal

Appendix B: Cost Tables

Table 1 Billing rates by labor category, base period and option period

Labor Category	Base Period Rate	Option Period Rate
Project Manager		
Senior Consultant		
Consultant		
Junior Consultant		
Senior Systems Consultant		
Systems Consultant		
Systems Analyst		
Clerical/Admin Support		

Table 2 Personnel labor category assignment

Name	Labor Category
	Project Manager
	Senior Consultant
	Senior Systems Consultant
	Senior Consultant
	Consultant

Table A-1 Hours and Cost for Task 1, Develop Final Work Plan

Table A-1 (Develop Final Work Plan)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-2 Hours and Cost for Task 2, Develop Security Plan

Table A-2 (Security Plan)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-3 Hours and Cost for Task 3, Develop Monitoring Plan

Table A-3 (Monitoring Plan)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-4 (Monitor Holdings and Secondary Market)	Base Period			Option Period			
	Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total							

Table A-5 (Corporate Structure Review)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-6 (Monitor Auctions)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-7 (Monitor Reserve Sales)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-8 (Auction Services Testing)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-9 (Review Regulations)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-10 Hours and Cost for Task 10, Linking Jurisdictions

Table A-10 (Linking Jurisdictions)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-11 Hours³ and Cost for Task 11, Knowledge Transfer

Table A-11 (Knowledge Transfer)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

Table A-12 Hours⁴ and Cost for Task 12, Transition Out

Table A-12 (Transition Out)	Base Period			Option Period		
Labor Category	Proposed Hours	Rate (\$/hour)	Total Cost (\$)	Proposed Hours	Rate (\$/hour)	Total Cost (\$)
Total						

³ The hours for this task 11 were prescribed in the RFP.

⁴ The hours in this task 12 were prescribed in the RFP.

Table A- 13 Task hours and total cost by resource, Base Period

Staff Name	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)	Task 10 (Hrs)	Task 11 (Hrs)	Task 12 (Hrs)	Total Hours	Total Cost

Total:

Table A- 14 Task hours and total cost by resource, Option Period

Staff Name	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)	Task 10 (Hrs)	Task 11 (Hrs)	Task 12 (Hrs)	Total Hours	Total Cost

Total:

Table A- 15 Total hours, percent of hours, and hours by month by resource, Base Period⁵

Staff Name	Total Hours	Percent of Resource's Hours	Number of Hours Per Month

Table A- 16 Total hours, percent of hours, and hours by month by resource, Option Period⁶

Staff Name	Total Hours	Percent of Resource's Hours	Number of Hours Per Month

Table B Other Direct Costs, Base Period and Option Period

No direct costs are included in this proposal.

⁵ Percent of hours estimated based on dividing by 2,000 hours worked per year.

⁶ Percent of hours estimated based on dividing by 2,000 hours worked per year.

Table C Summary of Costs by Task

Description of Services	Total Costs (\$)	
	Base Period	Option Period
Task 1. Develop Final Work Plan and Schedule		
Task 2. Prepare and Maintain a Security Plan		
Task 3. Prepare and Maintain a Monitoring Plan		
Task 4. Monitor Compliance Instrument Holdings; CITSS Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure		
Task 5. Provide Independent Review of Participant Corporate Structure		
Task 6. Audit and Monitor the Auctions		
Task 7. Audit and Monitor the Reserve Sales		
Task 8. Participate in Auction Services Testing and Demonstration		
Task 9. Review Participating Jurisdiction Regulations and Other Program Documentation		
Task 10. Linking with Additional Jurisdictions		
Task 11. Provide Knowledge Transfer and Ad Hoc Reports		
Task 12. Optional Task: Transition Out		
Other Direct Costs (from Table B)		

Total:

Appendix C: Task Timing

	Task/Subtask Description	Start Date	End Date
	Task 1. Develop Final Work Plan and Schedule		
1-1	Develop Final Work Plan and Schedule	NA	NA
1-2	Maintain Work Plan	Ongoing	
	Task 2. Prepare and Maintain a Security Plan		
2-1	Prepare Security Plan	NA	NA
2-2	Ongoing Maintenance	Ongoing	
	Task 3. Prepare and Maintain a Monitoring Plan		
3-1	Prepare Monitoring Plan	NA	NA
3-2	Ongoing Maintenance	Ongoing	
	Task 4. Monitor Compliance Instrument Holdings; CITSS Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure		
4-1	Capture & Convert CITSS Data, Update Infrastructure	Weekly	
4-2	Analyze Holdings, Secondary Market Data	Monthly	
4-3	Weekly Meetings with Jurisdictions, WCI	Weekly	
4-4	Quarterly Reports	Quarterly	
4-5	Annual Reports	Annually	
	Task 5. Provide Independent Review of Participant Corporate Structure		
5-1	Receive, Manage, and Process Jurisdiction, CITSS, Internet, and Subscription Data	Monthly	
5-2	Perform Ultimate Parent Market Power Analysis	Quarterly	
5-3	Review and Confirm Analysis with Jurisdictions	Quarterly	
	Task 6. Audit and Monitor the Auctions		
6-1	Gather and Process Auction Data	Quarterly	
6-2	Monitor Conduct of Auction	Quarterly	
6-3	Analysis of Auctions	Quarterly	
6-4	Auction Report	Quarterly	
	Task 7. Audit and Monitor the Reserve Sales		
7-1	Gather and Process Reserve Sale Data	TBD	
7-2	Monitor Conduct of Reserve Sales	TBD	
7-3	Analysis of Reserve Sales	TBD	
7-4	Reserve Sale Report	TBD	
	Task 8. Participate in Auction Services Testing and Demonstration		
8-1	Consultation on Auction Algorithms	As needed	
8-2	Development of Auction Test Cases	As needed	
8-3	Auction Platform Testing - Monitoring	As needed	
8-4	Meetings with AA and Jurisdictions re AA Development	As needed	
8-5	Observation of and Memoranda on AA Development	As needed	
8-6	Support for Ongoing AA Enhancements	As needed	
	Task 9. Review Participating Jurisdiction Regulations and Other Program Documentation		
9-1	Review CA regulations	As needed	
9-2	Review QC regulations	As needed	
9-3	Review NS regulations	As needed	
9-4	Review New Jurisdiction Regulations	As needed	
9-5	Review Other Documentation	As needed	
	Task 10. Linking with Additional Jurisdictions		
10-1	Meetings with Linking Jurisdictions	As needed	
10-2	Impact on Analytic Work (Code and Processes)	As needed	
10-3	Impact on Infrastructure	As needed	
10-4	Testing AA Algorithms	As needed	