Request for Proposal
Cap-And-Trade Market Monitoring Services

RFP No. 2015-03

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

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

Release Date:
July 17, 2015
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REQUEST FOR PROPOSAL
Notice to Prospective Offerors
RFP No. 2015-03

July 17, 2015

You are invited to review and respond to this Request for Proposal (RFP) No. 2015-03, entitled, “Cap-And-Trade Market Monitoring Services.” In submitting your proposal, you must follow the instructions found herein.

This RFP is available on the WCI, Inc. webpage at: http://wci-inc.org/rfp-market-monitor.php.

The deadline for receipt of proposals is August 31, 2015, 5:00 p.m. Pacific Time. To be on time, proposals must meet both of the following conditions: (1) proposals must be received electronically at rfp@wci-inc.org by the deadline above; and (2) proposals must be submitted by mail or delivery service and must contain the required contents and be postmarked or requested for delivery on or before August 31, 2015 and delivered to WCI, Inc., 980 Ninth Street, Suite 1600, Sacramento, CA 95814.

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

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

Contact: Jennifer Major
Email: rfp@wci-inc.org

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

We appreciate your interest in this project and hope to receive a proposal from you if this is within your area of expertise.
Request for Proposal
Cap-And-Trade Market Monitoring Services

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<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAR</td>
<td>Alternate Account Representative for an entity with a CITSS account</td>
</tr>
<tr>
<td>Agreement</td>
<td>The contract to be entered into between WCI, Inc. and the successful Offeror</td>
</tr>
<tr>
<td>Applicant</td>
<td>Any entity that has submitted an auction or reserve sale application or intent to bid</td>
</tr>
<tr>
<td>Auction Administrator</td>
<td>The Contractor providing Auction and Reserve Sale Administration Services</td>
</tr>
<tr>
<td>Auction Services</td>
<td>Auction and Reserve Sale Services provided by the Auction Administrator</td>
</tr>
<tr>
<td>CA</td>
<td>California</td>
</tr>
<tr>
<td>CITSS</td>
<td>Compliance Instrument Tracking System Service, supported by another contractor</td>
</tr>
<tr>
<td>Contractor</td>
<td>Party that is ultimately selected and contracted to provide the services described in this RFP</td>
</tr>
<tr>
<td>Covered Entity</td>
<td>An entity that has a compliance obligation as specified by CA’s Cap-and-Trade Program</td>
</tr>
<tr>
<td>Emitter</td>
<td>An entity that has a compliance obligation as specified by QC’s Cap-and-Trade System</td>
</tr>
<tr>
<td>Entity</td>
<td>A person, firm, association, organization, partnership, business trust, corporation, limited liability company, company, or government agency registered under the CA Cap-and-Trade Program or QC Cap-and-Trade System.</td>
</tr>
<tr>
<td>Financial Services Administrator</td>
<td>The contractor providing Auction and Reserve Sale Financial Administration Services</td>
</tr>
<tr>
<td>General Market Participant</td>
<td>A General Market Participant is a general term that has the same meaning as a Voluntarily Associated Entity in the CA Cap-and-Trade Regulation and as a Participant in the QC Cap-and-Trade Regulation. A General Market Participant may be further clarified as a General Market Participant – Organization or a General Market Participant – Individual.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse Gas</td>
</tr>
<tr>
<td>Market Monitoring Administrator</td>
<td>The Contractor providing Cap-and-Trade Market Monitoring Services</td>
</tr>
<tr>
<td>Market Monitoring Services</td>
<td>Market Monitoring Services provided by the Market Monitoring Administrator</td>
</tr>
<tr>
<td>Market Monitor Contract Manager</td>
<td>A WCI, Inc. staff person that is the lead staff person responsible for managing work under the Agreement</td>
</tr>
<tr>
<td>Offeror</td>
<td>Party that submits a proposal in response to RFP No. 2015-03</td>
</tr>
<tr>
<td>PAR</td>
<td>Primary Account Representative for an entity with a CITSS account</td>
</tr>
<tr>
<td>Participating Jurisdictions</td>
<td>A jurisdiction with at least one representative serving on the WCI, Inc. Board of Directors. Currently, Participating Jurisdictions include the Provinces of British Columbia and Québec and the State of California. Additional jurisdictions may decide to participate in the future.</td>
</tr>
<tr>
<td>Potential Applicant</td>
<td>Any entity that has an active CITSS account and that selects the &quot;Auction Participation&quot; box.</td>
</tr>
<tr>
<td>QC</td>
<td>Québec</td>
</tr>
<tr>
<td>Qualified Applicant</td>
<td>Any entity that has submitted an auction or reserve sale application or intent to bid and a bid guarantee</td>
</tr>
<tr>
<td>Qualified Bidder</td>
<td>Any entity that has submitted an auction or reserve sale application or intent to bid and a bid guarantee, and has been approved to participate in an auction or reserve sale.</td>
</tr>
<tr>
<td>Participant</td>
<td>An entity which does not have a compliance obligation, as specified by QC’s Cap-and-Trade Regulation, but intends to purchase, hold, sell, or voluntarily retire compliance instruments or an entity operating an offset project or early action offset project that is registered under the QC Cap-and-Trade Regulation. A participant may be further clarified as a Participant – Organization or a Participant – Individual.</td>
</tr>
</tbody>
</table>
Reserve Sale  A California Reserve Sale or Québec Sale by Mutual Agreement

RFP  Request for Proposal

UAT  User Acceptance Testing

VAE  Voluntarily Associated Entity

Voluntarily Associated Entity  An entity which does not have a compliance obligation, as specified by CA’s Cap-and-Trade Regulation, but intends to purchase, hold, sell, or voluntarily retire compliance instruments or an entity operating an offset project or early action offset project that is registered under the CA Cap-and-Trade Regulation. A Voluntarily Associated Entity may be further clarified as a Voluntarily Associated Entity – Organization or a Voluntarily Associated Entity – Individual.

WCI, Inc.  Western Climate Initiative, Inc.

Work  Activities conducted by the Contractor to fulfill its duties and obligations in connection with the Agreement.
I. PURPOSE

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

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

WCI, Inc. is seeking contractor services to provide Cap-And-Trade Market Monitoring Services (referred to as Market Monitoring Services throughout this RFP and includes the services described in Appendix A). This Request for Proposal (RFP) is to solicit proposals from experienced and qualified contractors for market monitoring and related services. The markets to be monitored include:

- The current, and any future, compliance instrument market created by a WCI Participating Jurisdiction for mitigating greenhouse gas (GHG) emissions;
- Secondary markets in compliance instruments, including derivative markets based on compliance instruments; and
- Related markets, such as energy markets, that may significantly affect a compliance instrument or secondary market.

If Contractor is not the contractor currently providing market monitoring services to Participating Jurisdictions, Contractor shall work with the current contractor, in cooperation with WCI, Inc. and Participating Jurisdictions, for at least six months following the effective date of its contract with WCI, Inc. This period of cooperation shall extend as necessary to include the preparation, monitoring, reporting, and certification of at least one allowance auction.

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 CA-QC market, and a separate plan will be developed and maintained for any other market created by a Participating Jurisdiction that is not linked to the CA-QC market. If such a market is subsequently linked to the CA-QC market, then a single
plan will be developed and maintained for the expanded linked market.

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

II. STATEMENT OF WORK

This Work covers twelve (12) tasks that must be completed by the Contractor. A brief description of each task is presented below. The full Statement of Work is provided in Appendix A.

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

Task 2 – Prepare and Maintain a Security Plan. The purpose of this task is to 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 Participating Jurisdictions. The Security Plan must include procedures for communicating confidential information between Contractor and Participating Jurisdictions, between Contractor and WCI, Inc., and between Contractor and other WCI, Inc. contractors.

Task 3 – Prepare and Maintain a Monitoring Plan. The purpose of this task is to provide Participating Jurisdictions with a plan for how Contractor will monitor 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 1) monitoring holdings and transfers of compliance instruments recorded within the Compliance Instrument Tracking System Service (CITSS), 2) monitoring secondary and related markets, including derivative markets, and 3) auditing and monitoring allowance auctions and reserve sales.¹ The auction and reserve sale portion of the Monitoring Plan must include Contractor’s activities to monitor applicant approvals, criteria for bid flagging and bid rejection, and auction and reserve sale certification.

¹ Reserve sales currently include California Allowance Price Containment Reserve Sales and Québec Sales By Mutual Agreement.
Task 4 – Monitor Compliance Instrument Holdings; CITSS Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure. The purpose of this task is to monitor, evaluate, and report relevant market activities, metrics, and structures, including any allowance holding positions 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 CITSS; 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 CITSS using secondary and derivatives 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.

Task 5 – Provide Independent Review of Participant Corporate Structure. The purpose of this task is to 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.2 Contractor shall maintain access to relevant ownership data (Dun and Bradstreet, SEC 10k filings, 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 database. Where additional data elements would be useful, e.g., the visual mapping of corporate structures to better understand potential inter-jurisdictional issues, the Contractor shall communicate suggested changes to data requirements to WCI, Inc. and Participating Jurisdictions. When requested by Participating Jurisdictions, Contractor shall compare its database with data submitted to jurisdictions for accuracy and communicate any inconsistencies to the Participating Jurisdictions.

Task 6 – Audit and Monitor the Auctions. The purpose of this task is to 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 1) observing auction conduct in real time on line and via conference call with jurisdiction authorities and the Auction Administrator, 2) reviewing auction processes and compliance with regulations, 3) acquiring auction data, and 4) calculating and reporting auction results and metrics.

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2 Jurisdiction regulations may differ with respect to participant corporate structure.
Task 7 – Audit and Monitor the Reserve Sales. The purpose of this task is to monitor the administration of and participant conduct in allowance reserve sales sponsored by Participating Jurisdictions, and to provide an independent review of reserve sale performance and results and a report on the outcomes. California and Québec 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 1) observing reserve sale conduct in real time on line and via conference call with jurisdiction authorities and the Auction Administrator, 2) reviewing reserve sale processes and compliance with regulations, 3) acquiring reserve sale data, and 4) calculating and reporting reserve sale results and metrics.

Task 8 – Participate in Auction Services Testing and Demonstration. The purpose of this task is to assist WCI, Inc. and Participating Jurisdictions in the testing of any new or revised auction services and in the monitoring of any auction or reserve sale conducted for demonstration or training purposes. Contractor shall, upon request by WCI, Inc., evaluate the auction services algorithm, design test cases for algorithm and auction services testing, verify algorithm and auction services testing results, participate in auction services acceptance testing, participate in any auction or reserve sale conducted for demonstration or training purposes, and provide recommendations for improving the auction services.

Task 9 – Review Participating Jurisdiction Regulations and Other Program Documentation. The purpose of this task is to review cap-and-trade program 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 WCI, Inc., 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 jurisdictions’ existing and proposed regulations, jurisdictions’ draft guidance for market participants, auction and reserve sale settlement algorithms and/or algorithm descriptions, and auction and reserve sale procedures.

Task 10 – Linking with Additional Jurisdictions. The purpose of this task is to 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.

Task 11 – Provide Knowledge Transfer and Ad Hoc Reports. The purpose of this task is to transfer knowledge between Contractor, Participating Jurisdictions, and, where appropriate, WCI, Inc. Contractor shall, upon request by WCI, Inc. or a Participating Jurisdiction, be available to provide knowledge, advice, and recommendations based on experience with monitoring markets and based on observations and lessons learned from monitoring the compliance instrument markets.

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3 Reserve sales currently include California Allowance Price Containment Reserve Sales and Québec Sales By Mutual Agreement.
of Participating Jurisdictions, including best practices for detecting and addressing potentially fraudulent activities.

**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. and any other vendor(s) selected by WCI, Inc., if applicable, at the conclusion of the contract, to smoothly transition market monitoring services to another service provider, including training and knowledge transfer. Knowledge transfer will not include the release of any information deemed confidential or proprietary by Contractor, including plans, methods, processes, data, or code.
III. GENERAL PROPOSAL REQUIREMENTS AND INFORMATION

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

A. Key RFP Dates

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

<table>
<thead>
<tr>
<th>Key Actions</th>
<th>Dates</th>
<th>Time*</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP Available to Prospective Offerors</td>
<td>07/17/2015</td>
<td>N/A</td>
</tr>
<tr>
<td>Market Monitor Offerors’ Conference</td>
<td>07/27/2015</td>
<td>10:00 a.m.</td>
</tr>
<tr>
<td>Written Questions Submittal Deadline</td>
<td>07/29/2015</td>
<td>5:00 p.m.</td>
</tr>
<tr>
<td>Question Responses due from WCI, Inc.</td>
<td>08/12/2015</td>
<td>5:00 p.m.</td>
</tr>
<tr>
<td>Offerors Express Non-Binding Interest in Bidding</td>
<td>08/14/2015</td>
<td>5:00 p.m.</td>
</tr>
<tr>
<td><strong>Final Date for Proposal Electronic Submission/Receipt by WCI, Inc.</strong></td>
<td><strong>08/31/2015</strong></td>
<td><strong>5:00 p.m.</strong></td>
</tr>
<tr>
<td><strong>Final Date for Postmark of Cover Letter and CD-R Disc</strong></td>
<td><strong>08/31/2015</strong></td>
<td><strong>N/A</strong></td>
</tr>
</tbody>
</table>

* All times are Pacific Time.

A one-hour Offeror’s conference will be hosted by WCI, Inc. at 10:00 a.m. Pacific Time, July 27, 2015 via conference call. The call-in number is +1-712-775-7031; passcode 232-131-573. The purpose of the Offerors’ Conference is to familiarize Offerors with the RFP. All questions regarding the RFP must be submitted in writing by July 29, 2015. All questions will be answered in writing by August 12, 2015, as described below. Details for the Offeror’s conference will be posted on the WCI, Inc. website.

Potential Offerors are requested to notify WCI, Inc. of their intent to bid on this submission by August 14, 2015. This is a non-binding notification and does not require the Offeror to actually bid, nor does failure to notify WCI, Inc. of intent to
bid preclude any Offeror from submitting a proposal.

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

Contact: Jennifer Major  
Email: rfp@wci-inc.org

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

B. General Schedule of Auction and Reserve Sale Events

The following is an anticipated annual schedule of auction and reserve sale events (events) to be serviced under the terms of the Agreement. All Market Monitoring Services must be developed, tested, and approved prior to the opening of the application period for the first event to be conducted under the terms of the Agreement.

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

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

An application period for each auction opens approximately sixty (60) days prior and closes approximately thirty (30) days prior to the date the auction is held. An application period for each CA reserve sale opens approximately thirty (30) days prior and closes approximately twenty (20) days prior to the date the reserve sale is held. An application period for each QC reserve sale is expected to open approximately sixty (60) days prior and close approximately thirty (30) days prior to the date on which the reserve sale is scheduled.
### Exhibit 1. Anticipated Annual Schedule

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

### C. General Proposal Requirements

1. The Base Period of Performance for this contract is December 1, 2015 to January 31, 2020, with an Option to extend the contract to January 31, 2022. Offerors are directed to use this timeframe for developing both their technical and cost proposals.

2. Proposals should provide straightforward and concise descriptions of the Offeror's ability to satisfy the requirements of this RFP. The proposal must be complete and accurate. Omissions, inaccuracies, or misstatements will be sufficient cause for rejection of a proposal.

3. Proposals must be submitted for the performance of all services described herein. Any deviation or omission from the Work specifications as described in all sections of this RFP may cause a proposal to be rejected.
4. The proposal must contain all of the components, information, and documents as outlined below:

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

1. The title of the proposal, which must be the same as the title of the RFP.
2. The number of the RFP (RFP No. 2015-03).
3. The date of the proposal.

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

“The enclosed proposal is submitted in response to the above-referenced Request for Proposal #2015-03, including any addenda. Through submission of this proposal we agree to all of the terms and conditions of the Request for Proposal, and agree that any inconsistent provisions in our proposal may result in a lower score, up to and including disqualification. We have carefully read and examined the Request for Proposal, and have conducted such other investigations as were prudent and reasonable in preparing the proposal. We agree to be bound by statements and representations made in our proposal.”

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

1. The name and address of the company [Note: A Post Office box may be used, but the company’s street address must be provided for records]; and

2. The name, title, and original signature of a company official.

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

c. Table of Contents

d. Summary—The summary shall not be longer than one page. Include a brief description summarizing the features and benefits of the proposal.
e. Technical Proposal—The details to be included in the Technical Proposal can be found in Section IV, Technical Proposal Requirements.

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

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

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

i. Appendix—Resumes for proposed staff, not to exceed five (5) pages for each person. See Section IV.C for further information.

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

D. Submission of Proposals

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

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

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

4. The proposal must be a single file and not multiple files when submitted electronically and on the disc. The file format must be Portable Document Format (PDF, ISO 32000-1). The format must be text searchable and not a scanned or “image only” document.

5. The disc label shall identify the following:

   Offeror Name (Firm, Contact Individual)
   RFP Number 2015-03
   “Cap-And-Trade Market Monitoring Services”

6. The disc shall be accompanied by a signed hard copy cover letter on the company’s letterhead detailed in Section III.C General Proposal Requirements section of this RFP.
7. Packaging/Mailing/Delivery Instructions:

a. The proposal package/envelope must be postmarked or requested for delivery by the date indicated in Section III.A, Key RFP Dates. The proposal package/envelope must be plainly marked with the RFP number and title, your firm name, address, and must be marked with "REQUEST FOR PROPOSAL—DO NOT OPEN UNTIL AUGUST 31, 2015" (see sample below).

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

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

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

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

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

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

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

E. Modification and/or Withdrawal of Proposals

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

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

F. Offeror’s Responsibilities

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

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

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

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

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

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

G. Signature

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

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

H. Disposition of Proposals

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

2. The successful Offeror's entire proposal, with the exception of confidential business information (to be determined by joint agreement between WCI, Inc. and the Contractor) shall be a public document following execution of a contract with WCI, Inc.
IV. TECHNICAL PROPOSAL REQUIREMENTS

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

All pages of the proposal, including cover pages, table of contents, summary, Technical Proposal, Cost Proposal, exceptions to WCI, Inc. Standard Contract form, and appendices, shall have the following header and page numbering format in the upper right-hand corner:

Offeror Name (Firm, Individual)
RFP No. 2015-03
Page ## of ##

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

A. Technical Approach and Understanding

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

- Demonstrated sound, feasible, and achievable technical approach to accomplishing the project, which clearly describes the project’s objectives and needs and the manner in which they shall be addressed, not merely repeating the Statement of Work;

- Demonstrated solid grasp of the subject area, including familiarity with regulatory and market-based issues related to Market Monitoring Services for market-based environmental compliance programs;

- Discussion of any technical barriers/anticipated major difficulties, and recommendations for their resolution; and

- Demonstrated ability to work with organizations responsible for designing and implementing market-based environmental compliance mechanisms.

The Offeror and Offeror’s agents, representatives, and subcontractors must remain free of conflicts of interest between the services required under this Agreement and
services provided by the Contractor to other clients or the Contractor's other business operations (see WCI, Inc. Standard Contract Form, Conflicts of Interest). The Offeror must describe any potential real or perceived conflicts of interest (e.g., the Offeror or an associated company is a covered entity, a General Market Participant, or provides services to a covered entity or General Market Participant) and any formal policies and procedures to identify and mitigate conflicts of interest, and ensure that the Offeror's organization, management, employees, and subcontractors (if applicable) avoid financial interests and activities that potentially create conflicts of interest.

The Offeror shall describe the approach and methodology for performing each of the twelve (12) tasks in the Statement of Work. The Offeror shall identify specific techniques that will be used, and administrative and operational management controls that will be used to ensure timely delivery and high-quality performance of each task. The Offeror shall indicate how its knowledge and skills developed in previous work will be applied to the tasks. The use of sample deliverables and examples from other projects to describe how the tasks will be performed is allowed.

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

The Offeror shall provide a Work Schedule that at a minimum includes the start of each task and the completion of draft and final deliverables. For purposes of preparing the schedule, Offerors shall assume a contract start date of December 1, 2015. Offerors shall indicate clearly the anticipated date by which complete Market Monitoring Services can be provided, including indicating the first auction or reserve sale event that will be monitored. For example, to monitor the February 2016 joint auction including California and Québec, all processes, procedures, and related market monitoring services would need to be ready for use approximately 2-4 weeks prior to the auction (see Exhibit 1).

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

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

## Exhibit 2. Sample Work Schedule

<table>
<thead>
<tr>
<th>Subtask Description</th>
<th>Start Date(s)</th>
<th>End Date(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Task 1 – Develop Final Work Plan and Schedule</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Task 2 – Prepare and Maintain a Security Plan</strong></td>
<td></td>
<td></td>
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<tr>
<td>Subtask 2.1</td>
<td></td>
<td></td>
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<tr>
<td>Subtask 2.2</td>
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<tr>
<td>Subtask 2.3</td>
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<tr>
<td>Subtask 2.4</td>
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<tr>
<td>...</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Task 3 – Prepare and Maintain a Monitoring Plan</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtask 3.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtask 3.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtask 3.3</td>
<td></td>
<td></td>
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<tr>
<td>Subtask 3.4</td>
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<td>...</td>
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<tr>
<td><strong>Task 4 – Monitor Compliance Instrument Holdings; CITSS Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure</strong></td>
<td></td>
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</tr>
<tr>
<td>Subtask 4.1</td>
<td></td>
<td></td>
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<tr>
<td><em>(Continue for all tasks)</em></td>
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</tbody>
</table>
B. Corporate Experience

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

References

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

C. Personnel

The Offeror shall list all personnel associated with the delivery of Market Monitoring Services described in this RFP, including their titles, qualifications, and professional certifications, a summary of similar work performed, a resume for each professional, and a statement indicating what tasks each professional will perform. Resumes should not exceed five (5) pages and should be provided as a separate appendix to the main proposal. The Offeror shall designate by name all Key Personnel, which at a minimum shall be the Project Manager and any staff requesting CITSS access (see Appendix A, Task 4, for further detail on CITSS access). Offeror must ensure that proposed staff can meet the residency and proof of identity requirements specific to providing CITSS access for each Participating Jurisdiction. The Contractor shall not substitute for Key Personnel without prior written approval of WCI, Inc.

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

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

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

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

1. Financial and Managerial Capacity: Demonstrated financial and managerial capacity to execute the Work reliably and successfully.

2. Minimum Qualifications for the Project Manager: A minimum of five (5) years of experience managing the delivery of Market Monitoring Services with the scope, complexity, and level of service required for the Work.

3. Minimum Qualifications for Other Personnel: Experience that demonstrates the ability of personnel to successfully conduct the work to which they are assigned.

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

D. Management Plan

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

- Clear delineation of all project management responsibilities, processes, and coordination with WCI, Inc. and the Participating Jurisdictions necessary to ensure successful completion of required tasks;

- A description explaining what processes, tools, and/or techniques the Contractor will utilize to manage the workflow in order to stay on schedule and steps that will be taken to remedy any unplanned deviations from the schedule.

- Specific performance metrics that may be used to gauge progress of the implementation of task requirements, including the format for monthly progress reports that can be used to monitor overall contract performance and progress of each task. The monthly progress reports should include, among other factors, activities undertaken during the month, activities anticipated for the following month, any problems/issues encountered and an approach for addressing them, and key deliverables; and

- Demonstrated understanding of the major risks involved with successfully establishing Market Monitoring Services and a clear, workable plan to mitigate identified risks.
V. COST PROPOSAL REQUIREMENTS

The cost proposal shall include the Offeror's best estimate of the total cost in U.S. dollars (USD) to provide the services and meet the specifications described in Appendix A, Statement of Work, for the duration of each contract period. The Offeror's best estimate of total costs shall be inclusive of all costs (except where explicitly noted), and shall represent the total maximum consideration to be paid to Contractor in compensation for all of Contractor's expenses incurred in the performance of the Work. The cost proposal should be consistent with the project schedule proposed in the Technical Approach. Any cost/schedule tradeoffs should be clearly explained, for example, if an accelerated schedule would entail higher costs. The period of performance for the provision of all described Market Monitoring Services is December 1, 2015 through January 31, 2020 for the Base Period, with a potential two-year Option Period to January 31, 2022.

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

1. Labor Costs must be calculated as a fully loaded labor rate, inclusive of fee, times the hours worked.
2. The labor rate and hours worked may vary by category of personnel. All Offerors shall use the labor categories described in Exhibit 3 for classifying their personnel. Each staff person proposed should be clearly classified into one of the labor categories.
3. Only one labor rate should be proposed for each category, i.e., any staff meeting the description for a given labor category should be aggregated within the category such that only one rate is proposed by the Offeror for each labor category. This category rate shall be used by the successful Offeror for invoicing purposes.
4. Other Direct Costs shall be bid in two categories. The first category includes other direct costs typically incurred when executing a project, including reproduction charges, mailing expenses, travel, and other supplies (to the extent these costs are invoiced separately). For all Offerors these Other Direct Costs (General) shall be assumed to be $5,000 per year for bidding purposes. The second category of Other Direct Costs shall include all other Direct Costs, such as one-time or recurring costs for software licenses, cybersecurity insurance, cloud services, equipment, etc. These costs, if any, shall be itemized as Other Direct Costs (Special). All Other Direct Costs (including Special) will be invoiced to WCI, Inc. at the cost incurred by the Contractor. The cost proposal must include a brief description of the items that make up the Other Direct Costs (Special) and the cost for each item.
### Exhibit 3. Labor Category Descriptions and Qualifications

<table>
<thead>
<tr>
<th>TRIPLE</th>
<th>DESCRIPTION</th>
<th>QUALIFICATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROJECT MANAGER</strong></td>
<td>The name of the Project Manager and alternate who shall act for the Offeror in the absence of the Project Manager shall be provided as part of the Offeror's proposal. The Project Manager shall be the single point of contact for the Contractor with WCI, Inc. and responsible for coordinating all Offeror's staff to ensure delivery of high-quality products on time and within budget.</td>
<td><strong>Education and Experience:</strong> A Project Manager is expected to have at least 10 years of experience in business, economics, engineering, or statistics and a minimum of five (5) years of experience managing the delivery of services with the scope, complexity, and level of service required for the Work. The Project Manager should have demonstrated success in staffing and managing technical projects and staff members for similar work. The Project Manager shall have at least a MS/MA degree or equivalent in business, economics, engineering, statistics, or equivalent, as applicable to the task.</td>
</tr>
<tr>
<td><strong>SENIOR CONSULTANT</strong></td>
<td>Senior Consultants are responsible for performing the work of a technically complex nature and often participate in project and technical discussions with the client. Senior Consultants are often responsible for directing and reviewing the work of other staff and for the day-to-day management of activities on a project.</td>
<td><strong>Education and Experience:</strong> Senior Consultants are expected to have at least 10 years of experience and training in business, economics, engineering, or statistics and 5 years of supervisory experience. A Senior Consultant is expected to have at least a MS/MA degree or equivalent and 5 years of supervisory experience.</td>
</tr>
<tr>
<td><strong>CONSULTANT</strong></td>
<td>Plans, manages and executes specific tasks for the overall project. Directs the day-to-day work activities of small work groups, develops findings, draws conclusions, and develops recommendations. Prepares and presents reports and is responsible for meeting goals within time and budget constraints.</td>
<td><strong>Education and Experience:</strong> Consultant has a MS/MA degree or equivalent in business, economics, engineering, statistics, or IT systems and 4 years of experience.</td>
</tr>
<tr>
<td><strong>JUNIOR CONSULTANT</strong></td>
<td>Executes specific tasks as directed on a daily basis. Adept at quantitative tasks and summarizing results of assigned tasks.</td>
<td><strong>Education and Experience:</strong> BS/BA degree or equivalent in business, economics, engineering, statistics, or IT systems and 2 years of experience.</td>
</tr>
<tr>
<td><strong>SENIOR SYSTEMS CONSULTANT</strong></td>
<td>Subject matter expert for relevant business, economics, engineering, statistical, or IT challenges. Performs as a consultant in highly specialized subject areas, providing highly technical and/or specialized guidance. Performs analyses and studies, prepares reports, and gives presentations.</td>
<td><strong>Education and Experience:</strong> MA/MS in business, economics, engineering, statistics, IT systems or a related technical discipline. Must have 5 years of experience or equivalent.</td>
</tr>
</tbody>
</table>
### Exhibit 3. Labor Category Descriptions and Qualifications

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

For tasks 1 through 10 WCI, Inc. requests that each Offeror estimate the Level of Effort (LOE), i.e., number of hours, required to provide the described services. All Offerors are also directed to determine the most appropriate mix of staff by labor category to propose for each of these tasks.

For tasks 11 and 12 the LOE cannot be accurately defined at this time. Therefore, for costing purposes all Offerors should assume the following level of effort for these tasks:

- Task 11: 300 hours (total for both the Base and Option Periods)
- Task 12: 200 hours (Base Period only)

In addition, for Tasks 11 and 12 Offerors are directed to use the allocation of hours provided in *Exhibit 4* by proposed labor categories for the Base and Option Periods for each of the T&M tasks.
### Exhibit 4. Proposed Hours by Labor Category

<table>
<thead>
<tr>
<th>Labor Category</th>
<th>Task 11</th>
<th></th>
<th>Task 12</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base</td>
<td>Option</td>
<td>Base</td>
<td>Option</td>
</tr>
<tr>
<td>Project Manager</td>
<td>25</td>
<td>10</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Senior Consultant</td>
<td>20</td>
<td>10</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Consultant</td>
<td>30</td>
<td>15</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Junior Consultant</td>
<td>35</td>
<td>20</td>
<td>35</td>
<td>0</td>
</tr>
<tr>
<td>Senior Systems Consultant</td>
<td>20</td>
<td>10</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Systems Consultant</td>
<td>30</td>
<td>15</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Systems Analyst</td>
<td>35</td>
<td>15</td>
<td>35</td>
<td>0</td>
</tr>
<tr>
<td>Clerical/Admin Support</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Hours</strong></td>
<td><strong>200</strong></td>
<td><strong>100</strong></td>
<td><strong>200</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

Note that these are indicative levels of effort provided for initial costing purposes for Tasks 11 and 12. Offerors should note:

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

All costs must be provided for each task and deliverable by contract period, and should reflect an estimate of the required level of management and overhead resources. No separate management task will be funded. The cost proposal shall itemize all items that will be charged to WCI, Inc. Costs shall also be outlined by classification, labor rates, hours worked, and one-time costs. The cost estimate for each task shall be summarized in tables included in Appendix C. If the Offeror plans to use one or more subcontractors, the cost estimates for the Offeror and the
individual subcontractors must be presented separately using Tables A-1 to A-12 in Appendix C and also summarized across all team members.

A combined total cost estimate for the Offeror and subcontractors must also be provided using Table C in Appendix C. Note that cost estimates should be provided separately for the Base and Option Periods. To ensure a consistent cost evaluation, each Offeror shall assume they will monitor sixteen (16) joint auctions, sixteen (16) CA Reserve Sales, and sixteen (16) QC reserve sales through the term of the Base Period on an as-needed basis. For the Option Period, each Offeror shall assume they will monitor eight (8) joint auctions, eight (8) CA Reserve Sales, and eight (8) QC reserve sales through the term of the Option Period on an as-needed basis. The actual number of auctions and reserve sales may vary during the contract period of performance depending on the needs of each Participating Jurisdiction.

To assess potential costs for an auction or reserve sale, the Offeror is encouraged to review summary results reports of all prior auctions and reserve sales, which provide additional detail on the number of entities participating in California and Québec auctions and reserve sales. These reports are posted online by the jurisdictions. For California entities, auction and reserve sale notices can be found at: http://www.arb.ca.gov/cc/capandtrade/auction/auction.htm. For Québec entities, auction and reserve sale notices can be found at: http://www.mddelcc.gouv.qc.ca/changements/carbone/index-en.htm.

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

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

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

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

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

The proposed alternative language must be complete. The Offeror may describe the intent of the proposed alternative language.
Should the technically qualified Offeror with the best value propose alternative language, WCI, Inc., at its sole discretion, will determine whether to consider any proposed alternative language during contract negotiations with the Offeror.

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

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

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

As part of the Technical and Cost Evaluation, if an Offeror (with or without any subcontractors) is not able to provide all required Market Monitoring Services in both countries (U.S. and Canada) in accordance with all pertinent national and subnational laws and regulations of the Participating Jurisdictions, the Offeror’s response will be deemed not responsive and will not be evaluated further.

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

A. Technical Evaluation

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

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

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

The cost evaluation contains two parts.

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

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

WCI, Inc. will select the Offeror that offers the best overall value, including consideration of the Technical Evaluation, Cost Evaluation, schedule proposed for providing Market Monitoring Services, nature of any contract exceptions, among other factors.
APPENDIX A: STATEMENT OF WORK

Cap-And-Trade Market Monitoring Services

This Statement of Work (SOW) describes the detailed services that Western Climate Initiative, Inc. (WCI) is seeking from experienced and qualified contractors for market monitoring and related services. The markets to be monitored include:

- The current, and any future, compliance instrument market created by a WCI Participating Jurisdiction for mitigating greenhouse gas (GHG) emissions;
- Secondary markets in compliance instruments, including derivative markets based on compliance instruments; and
- Related markets, such as energy markets, that may significantly affect a compliance instrument or secondary market, including derivative markets.

If Contractor is not the contractor currently providing Market Monitoring Services to Participating Jurisdictions, Contractor shall work with the current contractor, in cooperation with WCI, Inc. and Participating Jurisdictions, for at least six months following the effective date of its contract with WCI, Inc. This period of cooperation shall extend as necessary to include the preparation, monitoring, reporting, and certification of at least one allowance auction.

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 CA-QC market, and a separate plan will be developed and maintained for any other market created by a Participating Jurisdiction but not linked to the CA-QC market. If such a market is subsequently linked to the CA-QC 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 a draft Work Plan that indicates how the Contractor intends to execute each task and how the Contractor will interact with WCI, Inc. and Participating Jurisdictions. The schedule for completing each task element must be provided with an explanation of the appropriateness of the timeframes for each subtask. Upon receipt of the draft Work Plan, WCI, Inc. and the Participating Jurisdictions shall review the Work Plan and provide comments to the Contractor on the strengths and weaknesses of the draft Work Plan in terms of meeting the requirements laid out in the SOW. Upon receipt of the comments, the Contractor will finalize the Work Plan for approval by WCI, Inc.

The Contractor shall provide the following deliverables for this task:
Draft Work Plan Two weeks after contract initiation
Final Work Plan One week after receipt of comments on draft

Task 2 Prepare and Maintain a Security Plan

The purpose of this task is to 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 Participating Jurisdictions.

The Security Plan must include procedures for communicating confidential information 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 by the current contractor.

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.

1. Confidential and market-sensitive data is stored in a separate secured network that is outside of the organization’s main network or on a secure server(s) with restricted access.
2. 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.
3. Contractor policies require the servers to contain the latest version of operating systems, antivirus protection, and security patches and updates.
4. Contractor policies include periodic scans to discover vulnerabilities associated with server operating systems, applications, and active services that can be exploited by an intruder.
5. All persons with access to data stored on the Contractor network must complete appropriate know-your customer (KYC) reviews and confirmation of submittal of any required confidentiality and conflict of interest forms.
6. Access to 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.
7. Contractor servers that house confidential and market sensitive data are securely located, with limited access.
8. Contractor network is auditable so that all login activity is recorded.
9. Contractor policies ensure confidential and market-sensitive data cannot be stored on any portable or personal computing device.
10. 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 through VPN access as that would constitute remote location storage of market-sensitive data.

Contractor shall provide a draft Security Plan to Participating Jurisdictions for review. Following receipt of comments on the draft 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.

- A draft Security Plan;
- A final Security Plan that addresses comments received: Within two weeks of receiving final feedback; and
- Revisions to the Security Plan: As Requested by WCI, Inc.

These deliverables shall be delivered to each Participating Jurisdiction developing or administering a cap-and-trade program. If there is more than one compliance instrument market in operation or development, deliverables for each market shall be provided only to the Participating Jurisdictions in that market.

**Task 3 Prepare and Maintain a Monitoring Plan**

The purpose of this task is to provide Participating Jurisdictions with a plan for how Contractor will monitor 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 1) monitoring holdings and transfers of compliance instruments recorded within the Compliance Instrument Tracking System Service (CITSS), 2) monitoring secondary and related markets, and 3) auditing and monitoring allowance auctions and reserve sales. The auction and reserve sale portion of the Monitoring Plan must include Contractor’s activities to monitor applicant approvals, criteria for bid flagging and bid rejection, and auction and reserve sale certification.

The Monitoring Plan must include the following elements:

- Roles and responsibilities;
- Levels of authority;
- Areas of coordination with Participating Jurisdictions and the Auction Administrator;
- Avenues for referral to Participating Jurisdictions;
- Data requirements of market administrators;

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4 Reserve sales currently include California Allowance Price Containment Reserve Sales and Québec Sales By Mutual Agreement.
• 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 the Market Monitor, including the frequency and contents of reports; and
• Procedures for monitoring auctions and reserve sales, 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 draft Monitoring Plan to Participating Jurisdictions for review. Following receipt of comments on the draft plan, Contractor shall prepare 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.

• A draft Monitoring Plan;
• A final Monitoring Plan that addresses comments received: Within three weeks of receiving final feedback; and
• Revisions to the Monitoring Plan: As Requested by WCI, Inc.

These deliverables shall be delivered to each Participating Jurisdiction developing or administering a cap-and-trade program. If there is more than one compliance instrument market in operation or development, deliverables for each market shall be provided only to the Participating Jurisdictions in that market.

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

The purpose of this task is to monitor, evaluate, and report relevant market activities, metrics, and structures, including any allowance holding positions 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 CITSS; 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 CITSS using secondary and derivatives 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.

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, derivatives, and related market activity in the reporting period. The quarterly and annual reports must include auction bid metrics, market structure 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.

**Access to CITSS Data**

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

a. The Contractor shall provide physical controls to prevent unauthorized access to the equipment used to access CITSS. The Contractor shall implement procedures to protect Contractor’s personnel’s CITSS account credentials (e.g., user IDs and passwords) from unauthorized disclosure. Prior to accessing CITSS, the Contractor shall implement procedures to prevent unauthorized disclosure of any data in CITSS that is accessed as part of its performance to complete the Work.

b. The Contractor shall certify to WCI, Inc. that all personnel who have CITSS access as part of performing the Work have been properly identified and evaluated for security purposes, including meeting the regulatory specifications for access to CITSS. The Contractor shall maintain documentation, consistent with that required to establish CITSS access, for each assigned personnel with CITSS access, which will be made available to WCI, Inc. upon request, including:

   (i) True copy of valid and current personal identification documentation, including government-issued photo identification with an expiration date, such as a driver’s license or passport.

   (ii) Address of primary residence, which must be in the United States or Canada.

   (iii) For Contractor personnel residing in the United States, confirmation from a U.S. financial institution (such as a federal or state licensed or chartered bank, savings and loan association or credit union) that the person has an open bank account.

   (iv) For Contractor personnel residing in the United States, an attestation that the individual has no criminal conviction during the previous five years constituting a felony in the United States.
(v) For Contractor personnel residing in Canada, confirmation from a financial institution located in Canada that the person has an account with the institution and that an identity check was carried out.

(vi) For Contractor personnel residing in Canada, an attestation that the individual has no criminal conviction during the previous five years for fraud or any other serious criminal offence (for Canadian residents offences are identified in the Québec Cap-and-Trade Regulation).

c. The Contractor shall submit to WCI, Inc. upon request, proof of the due diligence performed to verify the validity of the personnel documentation, which may include background checks and reviews of credit reports.

d. In the performance of the Work, the Contractor shall use secure telephone, email, data storage, and other necessary systems in a manner preventing unauthorized access to CITSS account credentials, CITSS data, and CITSS user information.

Only authorized users will have access to CITSS. Unauthorized access including sharing of credentials is a violation of CITSS Terms and Conditions as well as applicable laws and regulations.

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.

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

These deliverables shall be delivered to each Participating Jurisdiction administering a cap-and-trade program. If there is more than one compliance instrument market in operation, deliverables for each market shall be provided only to the Participating Jurisdictions in that market.

For CITSS access, specific users will be approved for CITSS access as a Market Monitor. CITSS users in the Market Monitoring role will have access to all user, entity, and market information in CITSS, consisting of, but not limited to, the following:
A. Entity information including Entity Legal Name, Entity Operating Name, Entity Type, covered facilities, physical and mailing addresses, entity identification numbers such as Tax ID, Dunn & Bradstreet Number, and jurisdiction of incorporation.

B. 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.

C. CITSS user information including name, addresses, birth date, and association with any entities or jurisdiction.

D. Jurisdiction accounts, balances, and transactions.

**Task 5 Provide Independent Review of Participant Corporate Structure**

The purpose of this task is to 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.5

Contractor shall maintain access to relevant ownership data (Dun and Bradstreet, SEC 10k filings, 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 database. Where additional data elements would be useful, e.g., the visual mapping of corporate structures to better understand potential inter-jurisdictional issues, 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.

- A data format and template (e.g., Excel spreadsheet) to maintain and report participant corporate structure;
- An updated data format and template, as requested by WCI, Inc.;
- Complete information using the data format and template of participant corporate/parent information, on a routine basis, per the Monitoring Plan;
- Validation of corporate structure for specific entities, 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 developing or administering a cap-and-trade program. If there is more than one compliance instrument

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5 Jurisdiction regulations may differ with respect to participant corporate structure.
market in operation or development, deliverables for each market shall be provided only to the Participating Jurisdictions in that market. The Excel spreadsheet template and any revisions to the template shall also be delivered to WCI, Inc.

**Task 6   Audit and Monitor the Auctions**

The purpose of this task is to 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 1) observing auction conduct in real time on line and via conference call with jurisdiction authorities and the Auction Administrator, 2) reviewing auction processes and compliance with regulations, 3) acquiring auction data, and 4) 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;
- 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 jurisdictions two business days after the auction clearing has 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, will be provided to the jurisdictions two business days after request by the jurisdictions. Contractor will be available to answer 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.

- Monitoring of the auction, including providing analyses and explanations of auction activities and outcomes to 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

The purpose of this task is to monitor the administration of and participant conduct in allowance reserve sales sponsored by Participating Jurisdictions, and to provide an independent review of reserve sale performance and results and a report on the outcomes. California and Québec 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 1) observing reserve sale conduct in real time on line and via conference call with jurisdiction authorities and the Auction Administrator (who also serves as the Reserve Sale Administrator), 2) reviewing reserve sale processes and compliance with regulations, 3) acquiring reserve sale data, and 4) 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; 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 jurisdictions 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 by the Auction Administrator, the execution of the settlement process and the Reserve Sale Report, including reserve sale results, will be provided to the jurisdictions two business days after request by the jurisdictions. 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.

- Monitoring of the reserve sale, including providing analyses of reserve sale activities and outcomes to jurisdiction authorities; and
- A Reserve Sale Report.

For each reserve sale, these deliverables shall be delivered to the Participating Jurisdiction in that reserve sale.

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6 Reserve sales currently include California Allowance Price Containment Reserve Sales and Québec Sales By Mutual Agreement.
Task 8  Participate in Auction Services Testing and Demonstration

The purpose of this task is to assist WCI, Inc. and Participating Jurisdictions in the testing of any new or revised auction services and in the monitoring of any auction or reserve sale conducted for demonstration or training purposes.

Contractor shall, upon request by WCI, Inc., evaluate the auction services algorithm, design test cases for algorithm and auction services testing, verify algorithm and auction services testing results, participate in auction 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.

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.

- Participation in auction and reserve sale services testing and demonstration; and
- Memorandum on Contractor findings and recommendations.

These deliverables shall be delivered to WCI, Inc. and each Participating Jurisdiction developing or administering a cap-and-trade program.

Task 9  Review Participating Jurisdiction Regulations and Other Program Documentation

The purpose of this task is to review cap-and-trade program 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 WCI, Inc., 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 jurisdictions’ existing and proposed regulations, jurisdictions’ draft guidance for market participants, auction and reserve sale settlement algorithms and/or algorithm descriptions, 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.

- Review of draft, proposed, and final regulations;
- Review of draft and final auction and reserve sale procedures; and
- Review of auction and reserve sale guidance documents, settlement algorithms, and/or algorithm descriptions.

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

The purpose of this task is to 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.:

- Working with Participating Jurisdictions to identify corporate associations across jurisdictions;
- Identifying and evaluating issues regarding market regulation or oversight regulatory that may arise as a result of linking with additional jurisdictions;
- Identifying and evaluating issues regarding market operations or performance that may arise as a result of linking with additional jurisdictions;
- Identifying 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 Offeror’s ability to scale up its staff if necessary to handle the additional workload.

The deliverables for this task will 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 developing or administering a cap-and-trade program.

**Task 11  Provide Knowledge Transfer and Ad Hoc Reports**

The purpose of this task is to transfer knowledge between Contractor, Participating Jurisdictions, and, where appropriate, WCI, Inc.

Contractor shall, upon request by WCI, Inc. or a Participating Jurisdiction, be available to provide knowledge, 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, including best practices for detecting and addressing potentially fraudulent activities.

Deliverables from this task may include conversations, ad hoc reports, and periodic memoranda, including memoranda to WCI, Inc. on the status of deliverables provided to Participating Jurisdictions and WCI, Inc. The deliverables for this task will be determined when the work is specified. These deliverables shall be provided to Participating Jurisdiction(s) and 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. and any other vendor(s) selected by WCI, Inc., if applicable, at the conclusion of the contract, to smoothly transition Market Monitoring Services to another service provider, including training and knowledge transfer. Knowledge transfer will not include the release of any information deemed confidential or proprietary by Contractor, including plans, methods, processes, data, or code.
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;
- General outline of responsibilities;
- Security during transition;
- Data source planning; and
- Skill requirements.

The Contract Closeout and Turnover Plan will be due to WCI, Inc. three (3) months prior to the expected termination of the contract. The WCI, Inc. Executive Director will provide written direction to act upon this task at least five (5) months prior to the expected termination of the contract.
APPENDIX B: OFFEROR REFERENCES FORM

RFP# 2015-03

Submission of this attachment is **mandatory**. Failure to complete and return this attachment with your proposal may cause your proposal to be deemed non-responsive and rejected.

Complete the table below listing information for three (3) references illustrating previous work experience related to the goals and objectives outlined in the RFP.

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<td>Brief Description of Service Provided</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX C: COST TABLES

RFP# 2015-03
Cap-And-Trade Market Monitoring Services

Submission of the tables in this Appendix is mandatory. Failure to complete and return this Appendix with your proposal may cause your proposal to be rejected and deemed non-responsive.

Additional information on the cost proposal can be found in Section V. Cost Proposal Requirements. The Proposal shall include the total cost estimate to complete each task and provide the estimate in a table similar to Table A-(Task Number) below. Since there are twelve (12) tasks, each Offeror should complete one table for each task by providing Tables A-1 to A-12. Note that cost estimates should be provided separately for the Base and Option Periods. Offerors should also complete Table A-13 (Labor by Task in the Base Period) and Table A-14 (Labor by Task in the Option Period) summarizing the labor to be used across all of the tasks. There will be a total of fourteen (14) tables when complete.

Offerors may also incur Other Direct Costs (Special) specifically pertaining to this project. In Table B provide an itemized summary of these Other Direct Costs (Special) over the Base Period and the Option Period.

Finally, the Offeror should include a combined total cost estimate for each task as shown in Table C below. Note that cost estimates should be provided separately for the Base and Option Periods. Offerors are encouraged to provide any supporting tables used to develop the summary tables indicated below.
## TABLE A-(TASK NUMBER): COST FOR EACH TASK

<table>
<thead>
<tr>
<th>Labor Category</th>
<th>Base Period</th>
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<th></th>
<th>Option Period</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Proposed</td>
<td>Rate</td>
<td>Total Cost</td>
<td>Proposed</td>
<td>Rate</td>
<td>Total Cost</td>
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<tr>
<td></td>
<td>Hours</td>
<td>($/hour)</td>
<td>($)*</td>
<td>Hours</td>
<td>($/hour)</td>
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<tr>
<td>Project Manager</td>
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<tr>
<td>Senior Consultant</td>
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<tr>
<td>Consultant</td>
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<tr>
<td>Junior Consultant</td>
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<tr>
<td>Senior Systems Consultant</td>
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<tr>
<td>Systems Consultant</td>
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<tr>
<td>Systems Analyst</td>
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<td>Clerical/Admin Support</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>Base Total</strong></td>
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<td></td>
<td><strong>Option Total</strong></td>
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</tbody>
</table>

* Total Cost equals Proposed Hours multiplied by Rate.
### TABLE A-13: LABOR BY TASK IN THE BASE PERIOD

<table>
<thead>
<tr>
<th>Staff</th>
<th>Labor Category</th>
<th>Rate ($/hr)</th>
<th>Task 1 (hrs)</th>
<th>Task 2 (hrs)</th>
<th>Task 3 (hrs)</th>
<th>Task 4 (hrs)</th>
<th>Task 5 (hrs)</th>
<th>Task 6 (hrs)</th>
<th>Task 7 (hrs)</th>
<th>Task 8 (hrs)</th>
<th>Task 9 (hrs)</th>
<th>Task 10 (hrs)</th>
<th>Task 11 (hrs)</th>
<th>Task 12 (hrs)</th>
<th>Total Hours</th>
<th>Total Cost ($)</th>
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</tbody>
</table>

### TABLE A-14: LABOR BY TASK IN THE OPTION PERIOD

<table>
<thead>
<tr>
<th>Staff</th>
<th>Labor Category</th>
<th>Rate ($/hr)</th>
<th>Task 1 (hrs)</th>
<th>Task 2 (hrs)</th>
<th>Task 3 (hrs)</th>
<th>Task 4 (hrs)</th>
<th>Task 5 (hrs)</th>
<th>Task 6 (hrs)</th>
<th>Task 7 (hrs)</th>
<th>Task 8 (hrs)</th>
<th>Task 9 (hrs)</th>
<th>Task 10 (hrs)</th>
<th>Task 11 (hrs)</th>
<th>Task 12 (hrs)</th>
<th>Total Hours</th>
<th>Total Cost ($)</th>
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</table>

* For bidding purposes only, Task 12 is assumed to have no hours in the Option Period. All hours should be provided in Table A-13 for the Base Period.
## TABLE B: OTHER DIRECT COSTS (SPECIAL)

<table>
<thead>
<tr>
<th>Other Direct Cost (Special)</th>
<th>Unit Cost ($)</th>
<th>Annual Cost ($)</th>
<th>Total Program Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Base Period&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Brief description of cost&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Per event</td>
<td>Total Annual Cost</td>
<td></td>
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</tbody>
</table>

**TOTAL**

<sup>1</sup> Annual cost multiplied by 4.17 years to reflect period of performance for the Base Period.

<sup>2</sup> Annual cost multiplied by 2 years to reflect period of performance for the Option Period.

<sup>3</sup> Other Direct Costs (Special) should be adequately defined in an Offeror's proposal.
## TABLE C: SUMMARY OF COSTS BY TASK

<table>
<thead>
<tr>
<th>Description of Services</th>
<th>Total Cost ($)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Task 1. Develop Final Work Plan and Schedule</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cost ($); From Table A-1 (Base Total); From Table A-1 (Option Total)</td>
<td></td>
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</tr>
<tr>
<td><strong>Task 2. Prepare and Maintain a Security Plan</strong></td>
<td></td>
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</tr>
<tr>
<td>Total Cost ($); From Table A-2 (Base Total); From Table A-2 (Option Total)</td>
<td></td>
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</tr>
<tr>
<td><strong>Task 3. Prepare and Maintain a Monitoring Plan</strong></td>
<td></td>
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<tr>
<td>Total Cost ($); From Table A-3 (Base Total); From Table A-3 (Option Total)</td>
<td></td>
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</tr>
<tr>
<td><strong>Task 4. Monitor Compliance Instrument Holdings; CITSS Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure</strong></td>
<td></td>
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</tr>
<tr>
<td>Total Cost ($); From Table A-4 (Base Total); From Table A-4 (Option Total)</td>
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<tr>
<td><strong>Task 5. Provide Independent Review of Participant Corporate Structure</strong></td>
<td></td>
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<tr>
<td>Total Cost ($); From Table A-5 (Base Total); From Table A-5 (Option Total)</td>
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<tr>
<td><strong>Task 6. Audit and Monitor the Auctions</strong></td>
<td></td>
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</tr>
<tr>
<td>Total Cost ($); From Table A-6 (Base Total); From Table A-6 (Option Total)</td>
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<tr>
<td><strong>Task 7. Audit and Monitor the Reserve Sales</strong></td>
<td></td>
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</tr>
<tr>
<td>Total Cost ($); From Table A-7 (Base Total); From Table A-7 (Option Total)</td>
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</tr>
<tr>
<td><strong>Task 8. Participate in Auction Services Testing and Demonstration</strong></td>
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<tr>
<td>Total Cost ($); From Table A-8 (Base Total); From Table A-8 (Option Total)</td>
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<tr>
<td><strong>Task 9. Review Participating Jurisdiction Regulations and Other Program Documentation</strong></td>
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</tr>
<tr>
<td>Total Cost ($); From Table A-9 (Base Total); From Table A-9 (Option Total)</td>
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<tr>
<td><strong>Task 10. Linking with Additional Jurisdictions</strong></td>
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<tr>
<td>Total Cost ($); From Table A-10 (Base Total); From Table A-10 (Option Total)</td>
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<tr>
<td><strong>Task 11. Provide Knowledge Transfer and Ad Hoc Reports</strong></td>
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<tr>
<td>Total Cost ($); From Table A-11 (Base Total); From Table A-11 (Option Total)</td>
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<tr>
<td><strong>Task 12. Optional Task: Transition Out</strong></td>
<td></td>
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<tr>
<td>Total Cost ($); From Table A-12 (Base Total); $0 (Base Period task only)</td>
<td></td>
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</tr>
<tr>
<td><strong>Other Direct Costs (General—assume $5,000/year)</strong></td>
<td>$20,850$</td>
<td>$10,000$</td>
<td></td>
</tr>
<tr>
<td><strong>Other Direct Costs (Special)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total Cost ($); From Table B, Total Program Costs (Base Period); From Table B, Total Program Costs (Option Period)</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

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1 Annual cost multiplied by 4.17 years to reflect period of performance for the Base Period.
2 Annual cost multiplied by 2 years to reflect period of performance for the Option Period.