

## **Justification for a Contract Amendment to Contract 2012-04: Implementation of Multi-Jurisdiction Allowance Auctions**

**December 9, 2013**

### **Introduction**

Most of the administrative support provided by WCI, Inc. is highly technical or specialized and has been developed through the use of contractors. In January 2013, WCI, Inc. contracted with Markit Group Limited (Markit) to implement auction and reserve sales (Contract 2012-04). In May 2013, WCI, Inc. amended the contract to update the schedule, activities, and budget to accommodate the California and Québec linking schedule (Contract Amendment 2012-04-001).

WCI, Inc. proposes to extend the term and budget of its contract with Markit in order to provide auction and reserve sale administration through December 31, 2015.

### **Description of Services**

The services being procured through the proposed amendment are for cap-and-trade auction and reserve sale activities and support services through 2014-2015 as requested by the Participating Jurisdictions.

Tasking includes auction platform updates, quarterly auctions (jurisdiction-specific and linked), California reserve sales, Quebec reserve sales, and an optional transition out planning provision.

### **Procurement Approach**

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

Markit has demonstrated its qualifications to provide the services described above through its performance under the existing WCI, Inc. and previous California contracts.

Administration of auction and reserve sales needs to continue uninterrupted and on schedule in order to accommodate upcoming program milestones, including implementing a linked cap-and-trade system and joint auction activities.

A contract modification is being proposed as the procurement vehicle to retain these required services. Continuing to work with the existing service provider during 2014-2015 will best enable WCI, Inc. to maintain the stability of the program while developing the capability to implement a linked cap-and-trade system. This approach enables the jurisdictions and WCI, Inc. to take advantage of the significant investments that have already been made in the programmatic infrastructure; Markit has extensively configured MAP (the Markit Auction Platform) for California's and Quebec's individual and linked cap-and-trade auctions based on the individual jurisdictions cap-and-trade regulation's requirements. **This approach is also the**

most efficient approach for transferring services from jurisdiction-specific contracts to WCI, Inc. contracts

WCI, Inc. and Participating Jurisdiction staff approached Markit to confirm their interest in and availability to continue this work. The contract amendment with Markit was developed by WCI, Inc. staff based on technical requirements provided by the Participating Jurisdictions. Markit finalized the attached technical and cost proposal, which has been reviewed and agreed to by WCI, Inc. and jurisdictional staff.

No additional steps have been taken to tender auction and reserve sale administration.

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

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

Contracts for services provided by contractors that have been selected by a federal, state, city, county, provincial, or other regulatory entity, usually through a competitive process.

Contract amendments to extend the original term for services and to add additional funding to a contract.

## CONTRACT AMENDMENT: 2012-04-002

Agreement number 2012-04 between Markit Group Limited (Markit or Contractor) and Western Climate Initiative, Inc. (WCI, Inc.), which was executed by the parties on January 14, 2013 and amended on May 28, 2013 (Amendment 2012-04-001), is hereby further amended as follows:

### SUMMARY OF CHANGES

Amendment Number	002
Effective Date for Amendment:	December 13, 2013
Current Agreement Amount:	██████████ (amount includes optional tasks)
Changes to the Agreement Amount:	Net increase of ██████████
Amended Maximum Agreement Amount:	██████████
Current Agreement Term:	Seventeen months, beginning on January 1, 2013 and ending on May 31, 2014.
Agreement Term as Amended:	Thirty-six months, beginning on January 1, 2013 and ending on December 31, 2015.
Extension of Tasks:	Tasking has been updated to include tasks required to conduct auction and reserve sale activities and support required in 2014-2015.

### PURPOSE OF THIS AMENDMENT

- 1) Extend the term and budget for Markit to provide cap-and-trade auction and reserve sale activities and support services through December 31, 2015.

### SPECIFIC TERMS AND CONDITIONS WHICH CONSTITUTE THE AMENDMENT

- 1) The agreement referenced above is modified as follows:
  - a. Term: Line 2 of the Standard Agreement cover page is changed to **"Thirty-six months, beginning on January 1, 2013 and ending on December 31, 2015."**
  - b. Maximum amount of agreement: Line 3 of the Standard Agreement cover page is changed to **"██████████."**
  - c. Attachment A-1, Scope of Work for Implementation of Multi-Jurisdiction Allowance Auctions, dated November 21, 2013, is appended to the existing agreement following Attachment A dated May 17, 2013, beginning on page A-9.
  - d. Attachment B, Section A "Invoicing and Payment", is modified as follows:
    - i. "For services satisfactorily rendered, and upon receipt and approval of the invoice, WCI, Inc. agrees to compensate the Contractor in accordance with the Contractor's Cost Proposal for Updated 2013 Scope, which is incorporated as new Attachment F, dated May 17, 2013, and Attachment F-1, dated December 5, 2013."

- ii. "Each item in the invoice must correspond to costs identified in this attachment ~~and~~ Attachment F, dated May 17, 2013, and Attachment F-1, dated December 5, 2013."
- iii. "Invoices shall be submitted in arrears upon completion of the task with the exception of Task 4, which will be invoiced in pieces as shown in the following table."

Portion of Task 4 Budget	Planned Completion Date	Task 4 – Project Milestone Completion, To Be Invoiced Within a Month of Completion
50%	August 30, 2013	Completion of Production Release 1. This activity will be complete when all of the following have occurred: WCI, Inc. approves that the Release 1 UAT demonstrates that the Release 1 system requirements have been met; and Markit documents to WCI, Inc. that the Release 1 production deployment and smoke testing have been completed in readiness to use Release 1.
50%	October 25, 2013	<del>Completion of Production Release 2. This activity will be complete when all of the following have occurred: WCI, Inc. approves that the Release 2 UAT demonstrates that the Release 2 system requirements have been met; and Markit documents to WCI, Inc. that the Release 2 production deployment and smoke testing have been completed in readiness to use Release 2.</del> <u>The functional requirements shown for Release 2 in Table 4 will be individually priced and presented to WCI, Inc. at the start of the developmet cycle(s) in which they will be included. The sum of these prices shall not exceed the total shown in Table 4 for Release 2. Markit will invoice WCI, Inc. for the requirements that it approves have been met and after Markit documents to WCI, Inc. that they were successfully deployed to production and that smoke testing of the production release was completed.</u>

- e. Attachment B, section B "Budget Detail", is modified as follows: "Not-to-exceed budget for this agreement is [REDACTED] (US). See Attachment F, Contractor's Cost Proposal for Updated 2013 Scope, and Attachment F-1 (Contractor's Cost Proposal for Amendment 2012-04-002) for invoice basis."
- f. Attachment F-1, Contractor's Cost Proposal for Amendment 2012-04-002, dated December 5, 2013, is appended to the existing agreement following Appendix F, dated May 17, 2013.

#### EXPLANATION OF CHANGES

- 1) Markit will provide cap-and-trade auction and reserve sale activities and support services through December 31, 2015 as outlined in Attachment A-1. Tasks include:
  - a. Auction Platform Updates

- b. Quarterly Auctions
  - c. Quarterly California Reserve Sales
  - d. Quarterly Quebec Reserve Sales
- 2) An optional task is also included that will only be acted upon by the contractor with separate, written authorization from the WCI, Inc. Executive Director:
  - a. Transition Out
- 3) The Contractor will continue to invoice WCI, Inc. for services based on task completion as previously amended, with the exception of Task 12, which will be invoiced on a time and material basis as described for that task in the contractor's proposal.
- 4) The cost that are expected to be incurred for extending the term for auction and reserve sale activities and support services through December 2015 are outlined in Attachment F-1, Contractor's Cost Proposal for Amendment 2012-04-002.
  - a. Note: The budget total for the level of effort associated with the 2014-15 tasks totals [REDACTED], plus an additional [REDACTED] per year for cyber insurance. The optional tasks in Task 9 and 10 of the existing contract are being eliminated, and the [REDACTED] budget set aside for these tasks is being reprogrammed and applied to cover costs for the new tasks. The net cost savings from existing tasks 4 and 5 of [REDACTED] is also being applied to cover costs for new tasks. The resulting amount of this contract amendment is [REDACTED], bring the revised total for the contract to [REDACTED].

## APPROVALS

This document and any attachments described herein constitute an amendment to the above numbered agreement. All provisions of that contract, except those which are explicitly changed by this amendment, shall remain in full force and effect.

By signing, the Contractor and WCI, Inc. do hereby accept and approve this amendment.

### **Markit Group Limited**

\_\_\_\_\_  
Signature on File  
Authorized Signature

\_\_\_\_\_  
Paul Harris  
Name

\_\_\_\_\_  
January 3, 2014  
Date

\_\_\_\_\_  
Managing Director  
Title

### **Western Climate Initiative, Inc.**

\_\_\_\_\_  
Signature on File  
Authorized Signature

\_\_\_\_\_  
Patrick Cummins  
Name

\_\_\_\_\_  
December 13, 2013  
Date

\_\_\_\_\_  
Executive Director  
Title

# ATTACHMENT A-1

## SCOPE OF WORK FOR IMPLEMENTATION OF MULTI-JURISDICTION ALLOWANCE AUCTIONS

### DECEMBER 5, 2013

This revised scope of work for the auction service provider updates Tasks 4, 5, 8, and 9, eliminates Task 10, and adds Tasks 11-15. This attachment supplements Attachment A. More detail on these tasks is included in Attachment F-1, Contractors Cost Proposal for 2014-2015 Scope, dated December 5, 2013.

Markit will continue to provide MAP and Auction Support Services (in English and French) continuously during the term of this contract.

#### **Task 4: Set-up for Single-Jurisdiction and Multi-Jurisdiction Auctions**

The description of Task 4 is unchanged except where indicated in the following table. Changes to the description are shown in ~~strikeout~~/underline format.

	Change in Description
	Subtask
1	<p><b>Enhancements to support French language</b></p> <p>6. <del>Create French and English version of the MAP generic Bidder Conference and Training video. Revise Private Home page and Resources Page to remove the video from the Auction Platform to</del> <u>replace with a presentation and reconfiguration of the MAP Content Management System to allow for the presentation change. The Resources Page presentations tab would include two presentations – one for an auction and one for a reserve sale. The enhancement allows for new versions of the presentations be updated on the platform with the most flexibility by enhancing the Content Management System to allow the Markit team to upload documents upon request rather than relying on further code changes. The QC presentation in English will not be the same as the CA presentation due to differences in the auction services</u></p>

	Change in Description
6	<b>Miscellaneous Enhancements</b> <ol style="list-style-type: none"> <li><del>The address « auctionsupport@markit.com » should be in French for participants from Québec.</del></li> <li><del>Revise the Bid Guarantee Received email to be dynamic to include the currency and amount of the submitted bid guarantee to allow for confirmation by the auction or reserve sale participants.</del></li> </ol>

By mutual agreement, additional Miscellaneous Enhancement not included above may be included within this task, for instance as may be required due to regulatory changes. Additional enhancements may be funded by reprogramming funds from other tasks in such a way that does not exceed the maximum amount of the Agreement in effect at the time of reprogramming. In this case, the procedures in the Change Order provisions of the Agreement will apply. Additional enhancements may also be funded by amending the maximum amount of the agreement. In this case, the procedures in the Full Understanding; Amendment provisions of the Agreement will apply. In either case, prior to developing a Change Order Request or a Contract Amendment, Markit will work with WCI, Inc. to adequately outline in writing, the requirements, cost, and time for development and testing of each additional enhancement. This information shall be included in the Change Order Request or Contract Amendment. The time required for development and testing of additional enhancements will depend on the availability of Markit's team, which could be dedicated to other projects. As with other MAP requirements, any additional enhancements will only be invoiced after they are developed by Markit, accepted by WCI, Inc., and successfully deployed to production.

#### **Task 5: Auction Platform Updates (based on Attachment A to WCI's April 3 request for a change order)**

The description of Task 5 is unchanged except where indicated in the following table. Changes to the description are shown in strikeout/underline format.

Change in Description
<b>Subtask</b>
<ol style="list-style-type: none"> <li><del>Revise the General Market Participant Individual application process to consist of the same workflow as all entity types.</del></li> </ol>



### Task 8: Cyber Insurance

The description of Task 8 is unchanged except where indicated in the following table. Changes to the description are shown in strikeout/underline format.

	Change in Description
1	The <del>initial estimate of this cost is [REDACTED]</del> <u>Actual costs up to [REDACTED] per year.</u>

### Task 9: Quebec Reserve Sale Set-up

The description of Task 9 is unchanged except where indicated in the following table. Changes to the description are shown in strikeout/underline format.

	Change in Description
	<b>Subtask</b>
1	No change to the description in the May 21, 2013 amendment
2	<del>Release of additional funds to continue set up work, if necessary, upon Markit's written request and WCI, Inc.'s approval.</del>

### Task 10: Conduct California Only Auctions and Reserve Sales 2013

Task 10 is terminated. See Tasks 12 and 13 for California auctions and reserve sales in 2014-2015.

	Change in Description
1.	This task is terminated.

## Task 11: Auction Platform Updates

Work will not begin on any of these updates unless written authorization is received from the WCI, Inc. Executive Director. Prior to authorization, and upon request, Markit will provide a fixed-price cost for each update in the request.

Description
<ol style="list-style-type: none"><li>1. The Auction page will provide details for each bid submitted including: the Bid Price in USD that will be used in settlement price determination, if submitted in CAD. WCI, Inc. will provide Markit a Jurisdiction Design Request to outline desired functionality.</li><li>2. The Monitoring Page for a linked auction will display the Bid Price in both currencies with the currency the bid is submitted in highlighted. WCI, Inc. will provide Markit a Jurisdiction Design Request to outline desired functionality.</li><li>3. For QC users, change “Bond” to “Letter of Guarantee” in the English and French versions of the Application Page and Organization Results Report, and where ever else “Bond” may appear on the MAP pages or in MAP emails and reports.</li></ol>

## Task 12: Quarterly Auctions

Markit will provide for one Quebec-only auction and seven quarterly California and Quebec linked auctions. This task does not include the linked practice auction, which is expected in 2014 but already included in Task 7. WCI, Inc. may opt to revert from a linked auction to two individual jurisdiction auctions (i.e., California only and Quebec only auctions) based on the prices in its proposal.

Task 12a). Individual jurisdictional auction

	Description
Subtask	
1	Conduct Bidder Auction Qualification Process
2	Receive Bids for Auction
3	Conduct Quarterly GHG Auctions
4	Determine Settlement Price and/or successful and unsuccessful bids per GHG allowance and reports

5	Rerun Auction (TBD)
6	Communicate Value of Bids to ARB or QC, & Monitoring Analytics

Task 12b). Multi-jurisdictional auction

	Description
Subtask	
1	Conduct Bidder Auction Qualification Process
2	Receive Bids for Auction
3	Conduct Quarterly GHG Auctions
4	Determine Settlement Price and/or successful and unsuccessful bids per GHG allowance and reports
5	Rerun Auction (TBD)
6	Communicate Value of Bids to ARB, QC, & Monitoring Analytics

### Task 13: Quarterly California Reserve Sales

Markit will provide up to seven quarterly California reserve sales. The extent of work may depend on the level of participation in the reserve sale, as shown in the table below.

Description
Quarterly California reserve sale services from set up through auction application and closure with no applicants
Quarterly California reserve sale services from set up through auction application approval and closure with no qualified applicants
Completed quarterly California reserve sale

### Task 14: Quebec Reserve Sales

Markit will provide up to six Quebec reserve sales. The extent of work may depend on the level of participation in the reserve sale, as shown in the table below.

Quebec reserve sales must be scheduled by WCI, Inc. through written notice. Markit will schedule a Quebec reserve sale within 90 days of this notice. The date of the sale will be determined through mutual agreement by Markit and WCI, Inc.

Description
Quebec reserve sale services from set up through auction application and closure with no applicants
Quebec reserve sale services from set up through auction application approval and closure with no qualified applicants
Completed Quebec reserve sale

### **Task 15: Optional Task - Transition Out**

This is an optional task that will only be acted upon by the contractor with separate, written authorization from the WCI, Inc. Executive Director after receiving a cost proposal for this task from the contractor.

The contractor shall work with WCI, Inc. and any other vendor(s) selected by WCI, Inc., if applicable, at the conclusion of the contract, including if terminated early, to smoothly transition auction services to another service provider.

The 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:

- Estimated number of transition hours;
- Transition plan outlining transition-specific processes and procedures;
- Technical requirements;
- Project documentation;
- Security during transition;
- Data transition; 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 and must be approved by WCI, Inc.

**ATTACHMENT F-1:  
CONTRACTOR'S COST PROPOSAL  
FOR AMENDMENT 2012-04-002**

# Multi-Jurisdiction Allowance Auctions and Reserve Sales

## Technical and Cost Proposal

Submitted to Western Climate Initiative, Inc.

Thursday December 5, 2013

This proposal will be added to the WCI, Inc. contract as Attachment F-1.  
It does not replace the current proposal included as Attachment F,  
although it does update certain tasks in Attachment F.

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## Definitions

ARB	California Air Resources Board
ARS	Auction and Reserve Sales
CA	California
FSA	Authorized Auction and Reserve Sale Financial Services Administrator
MAP	Markit Auction Platform
MM	Authorized Auction and Reserve Sale Market Monitor contractor
Participating Jurisdictions	California and Quebec
RS	Reserve Sales
QC	Quebec Ministry of Sustainable Development, Environment, Wildlife, and Parks
UAT	User Acceptance Testing
WCI, Inc.	Western Climate Initiative, Inc.



## Summary

The State of California and Province of Quebec have both passed their individual jurisdictional cap-and-trade regulation and linkage agreement. To date, California successfully completed a practice auction and five auctions. The Province of Quebec has successfully completed a practice auction and one auction. Markit has been operating under a competitively-awarded contract with the California Air Resources Board (ARB) to be the cap-and-trade auction and reserve sale administrator. Markit has an existing contract with WCI, Inc. to provide auction and reserve sale services as Software as a Service, and has extensively configured MAP (the Markit Auction Platform) for California's and Quebec's individual and linked cap-and-trade auctions based on the individual jurisdictions' cap-and-trade regulatory requirements.

WCI, Inc. was created to provide administrative and technical services to its participating jurisdictions' greenhouse gas emissions trading programs. Markit has been working with WCI, Inc., Quebec, and California to complete the implementation of the tasks outlined in its current contract with WCI, Inc., which was executed January 22<sup>nd</sup>, 2013 and amended May 21st, 2013. The proposal below outlines tasks and costs for providing the cap-and-trade auction and reserve sale platform and support services for calendar years 2014 and 2015. This proposal does not affect work in the May 21st, 2013 amendment that may carry over into calendar year 2014, except as specified in this proposal.

## Resolution of Conflicting Instructions

All services are to be conducted in accordance with the program regulations in effect for California and Quebec. If any instruction from WCI, Inc., ARB, or Quebec Ministry of Sustainable Development, Environment, Wildlife, and Parks is unclear, incomplete, or inconsistent with program regulations, other data, or instruction provided to contractor, the contractor shall seek clarification from WCI, Inc. prior to carrying out the instruction.

## Scope of Work

This scope of work covers auction and reserve sale activities for 2014 and 2015, including auction platform updates, quarterly auctions (jurisdiction-specific and linked), California Reserve Sales, Quebec Reserve Sales, and an optional Transition Out planning provision. It also revises several existing tasks in terms of scope and/or budget, as shown below. Other tasks are not affected by this proposal.

Task 4 (Revised) – Set-up for Single-Jurisdiction and Multi-Jurisdiction Auctions  
 Task 5 (Revised) – Auction Platform Updates Based on April 3, 2013 WCI, Inc. Memo  
 Task 8 (Revised) – Cyber Insurance  
 Task 9 (Revised) – Quebec Reserve Sale Set-up  
 Task 10 (Terminated) – Conduct California Only Auctions and Reserve Sales 2013  
 Task 11 (New) – Auction Platform Updates  
 Task 12 (New) – Quarterly Auctions  
 Task 13 (New) – Quarterly California Reserve Sales  
 Task 14 (New) – Quebec Reserve Sales  
 Task 15 (New) – Transition Out (OPTIONAL)

### Items that are not in this scope of work include

- 
- Any items not listed in this Technical and Cost Proposal, original contract, or amendment 2012-04-001.
  - Update of WCI, Inc. or Quebec Ministry of Sustainable Development, Environment, Wildlife, and Parks websites
  - Update of other contractor websites, applications, platforms or processes

- For any jurisdictions other than CA and QC wishing to use MAP for reserve sales or single- or multi-jurisdiction auctions, development work that would be required to support those jurisdictions' requirements.
- Any practice auction sessions other than those included in the May 2013 contract amendment (i.e., one Quebec practice auction and one linked practice auction)
- Testing sessions for stakeholders
- WCI, Inc. MAP administrative permission, apart from separate administrative permissions already included for CA and QC administrators. WCI, Inc. may continue using CA and QC administrative logins for the UAT environment.

## Auction Platform Updates, Timelines, and Milestones

Markit will follow its Software Development Lifecycle process and the project milestones including: Development and Quality Assurance, User Acceptance Testing, Production Deployment and Production Smoke Testing.

The first production release of an updated MAP under the WCI, Inc. contract occurred on October 5, 2013 and included many of the requirements targeted for Release 1 in the May 21, 2013 contract amendment. Requirements for a linked auction agreed upon in the May 21, 2013 contract amendment for Release 1 were included in part but not fully tested and not accepted for use by WCI, Inc. Release 2 is tentatively planned for February 2014 and will include functionality originally agreed upon for Release 1, including updates necessary or important for a linked auction. All requirements remaining to be implemented or completed under the WCI, Inc. contract, including the QC reserve sale set-up, will be included in one or two subsequent releases. The work for each release and date of each release will be determined through mutual agreement and is subject to change by mutual agreement. Best efforts will be made to accept and release by August 31, 2014 all functionality in Release 3, as well as all fixes to UAT findings of a medium priority or higher, as documented and sent to Markit on October 29, 2013.

## Task and Cost Proposal

This section contains tasks from the existing contract as amended on May 21, 2013, updated to reflect their scope and cost for 2014-2015, as well as new Tasks 11-15. Tasks 1, 2, 3, 6, and 7 are unchanged. The cost is broken down by task in the tables below.

- Task 4 (Revised) – Set-up for Single-Jurisdiction and Multi-Jurisdiction Auctions (change of ██████████)
- Task 5 (Revised) – Auction Platform Updates Based on April 3, 2013 WCI Memo (change of ██████████)
- Task 8 (Revised) – Cyber Insurance (change of ██████████)
- Task 9 (Revised) – Quebec Reserve Sale Set-up (change of ██████████)
- Task 10 (Terminated) – Conduct California Only Auctions and Reserve Sales 2013 (change of ██████████)
- Task 11 (New) – Auction Platform Updates (██████████)
- Task 12 (New) – Quarterly Auctions (██████████)
- Task 13 (New) – Quarterly California Reserve Sales (██████████)
- Task 14 (New) – Quebec Reserve Sales (██████████)
- Task 15 (New) – Transition Out (OPTIONAL)

The total amount of new services for 2014-2015 term totals ██████████, plus an additional ██████████ per year for cyber insurance. The optional tasks in Task 9 and 10 of the existing contract are being eliminated, and the ██████████ budget set aside for these tasks is being reprogrammed and applied to cover costs for the new tasks. The net cost savings from existing tasks 4 and 5 of ██████████ is also being applied to cover costs for new tasks. The resulting amount of this contract amendment is ██████████, bring the revised total for the contract to ██████████.

### **Invoicing for MAP Development Work (Tasks 4, 5, 9, and 11)**

For Tasks 4, 5, 9, and 11, Markit will invoice WCI, Inc. after each successful production release. Specifically, WCI, Inc. must approve that the release, as tested in a UAT environment, demonstrates that the release system requirements have been met, and Markit will document to WCI, Inc. that the release's production deployment and smoke testing have been completed. The scope outlined in this agreement and in all prior amendments, as well as memorandums from WCI, Inc. related to instructions to begin development will be the basis for the release development, testing, and acceptance criteria. The specific documents that create the basis for development, testing and acceptance criteria are:

- Instructions to Begin Development (Dated 5/15/13 and sent via email same day)
- Resolution of Additional Auction Issues (Dated 5/30/13 and sent via email same day; updated and sent via email 6/3/13);
- Auction Platform Development Priorities (11\_22) (Dated 11/22/13 and sent via email 11/24/13), with the exception that item 2. D will be based on email changes mutually agreed and scheduled for development once complete requirements are provided to Markit; and
- Jurisdiction Design Request (11\_22)Final (Dated 11/22/13 and sent via email 11/24/13).



For all Forgot Password, Change Password, and related UAT findings outlined in the Auction Platform Development Priorities, and all functionality not further defined in the documents listed above, the basis for testing and acceptance criteria will be the July 18, 2013 version of the WCI Auction Platform Design and Technical Requirements.

Tasks 4, 5, and 9 were originally organized and priced on the basis of planned releases. Task 4, for example, anticipated five enhancements to be included in Release 1 (for an aggregate fixed price) and seven enhancements to be included in Release 2 (for a separate aggregate fixed price).

Markit proposes a more flexible approach in which Markit would invoice WCI, Inc. after each successful release on the basis of which requirements were actually included and accepted by WCI, Inc. in that release. At the start of each release cycle, beginning with Release 2, Markit will provide WCI, Inc. with a Release Cost Memo confirming the requirements that will be included in the release and the time and cost required for each requirement. Within 45 days of the effective date of this amendment, Markit will provide WCI, Inc. with a Release Planning Cost Memo proposing the requirements that will be included in each release, a proposed release date, the time required for development and testing of each requirement, and the costs per requirement. Markit will invoice for each release in full upon a successful production release. Markit will invoice WCI, Inc. for 100% of the cost provided in the Release Cost Memo for each requirement accepted, 50% of the cost for each requirement included in the release but only conditionally accepted by WCI, Inc., and zero percent for any requirement not included in the release. Markit will invoice the remaining amount after full sign-off is provided for the unaccepted or not included requirements (i.e., in the next release). The sum of the costs in the Release Cost Memos will not exceed the costs shown in Tasks 4, 5, 9 and 11.

#### Task 4: Set-up for Single-Jurisdiction and Multi-Jurisdiction Auctions

The description and cost of Task 4 is unchanged except where indicated in the following table. Changes to the description are shown in strikethrough/underline format. The production releases and release dates for Task 4 are revised as noted above under Updates, Timelines, and Milestones. Moreover, the Billing Schedule for Task 4 (included in the May 21, 2013 contract amendment) is revised as noted above under Invoicing for MAP Development Work.

	Change in Description	Change in Cost (USD)
	<b>Subtask</b>	
<b>1</b>	<b>Enhancements to support French language</b>  <del>6. Create French and English version of the MAP generic Bidder Conference and Training video. Revise Private Home page and Resources Page to remove the video from the Auction Platform to replace with a presentation and reconfiguration of the MAP Content Management System to allow for the presentation change. The Resources Page presentations tab would include two presentations – one for an auction and one for a reserve sale. The enhancement allows for new versions of the presentations be updated on the platform with the most flexibility by enhancing the Content Management System to allow the Markit team to upload documents upon request rather than relying on further code changes. The QC presentation in English will not be the same as the CA presentation due to differences in the auction services.</del>	
<b>6</b>	<b>Miscellaneous Enhancements</b>  <del>1. The address « auctionsupport@markit.com » should be in French for participants from Québec.</del> <del>2. Revise the Bid Guarantee Received email to be dynamic to include the currency and amount of the submitted bid guarantee to allow for confirmation by the auction or reserve sale participants.</del>	

By mutual agreement, additional Miscellaneous Enhancement not included above may be included within this task, for instance as may be required due to regulatory changes. Additional enhancements may be funded by reprogramming funds from other tasks in such a way that does not exceed the maximum amount of the Agreement in effect at the time of reprogramming. In this case, the procedures in the Change Order provisions of the Agreement will apply. Additional enhancements may also be funded by amending the maximum amount of the agreement. In this case, the procedures in the Full Understanding; Amendment provisions of the Agreement will apply. In either case, prior to developing a Change Order Request or a Contract Amendment, Markit will work with WCI, Inc. to adequately outline in writing, the requirements, cost, and time for development and testing of each additional enhancement. This information shall be included in the Change Order Request or Contract Amendment. The time required for development and testing of additional enhancements will depend on the availability of Markit's team, which could be dedicated to other projects. As with other MAP requirements, any additional enhancements will only be invoiced after they are developed by Markit, accepted by WCI, Inc., and successfully deployed to production.

**Task 5: Auction Platform Updates**  
**(based on Attachment A to WCI's April 3, 2013 request for a change order)**

The description and cost of Task 5 is unchanged except where indicated in the following table. Changes to the description are shown in strikeout/underline format. The production releases and release dates for Task 5 are revised as noted above under Updates, Timelines, and Milestones.

Change in Description	Change in Cost (USD)
<b>Subtask</b>	
3. <del>Revise the General Market Participant Individual application process to consist of the same workflow as all entity types.</del>	██████

**Task 8: Cyber Insurance**

The description and cost of Task 8 is unchanged except where indicated in the following table. Changes to the description are shown in strikeout/underline format.

	Change in Description	Change in Cost (USD)
1	<del>The initial estimate of this cost is ██████</del> <u>Actual costs up to ██████</u> <del>per year.</del>	██████

**Task 9: Quebec Reserve Sale Set-up**

The description and cost of Task 9 is unchanged except where indicated in the following table. Changes to the description are shown in strikeout/underline format. The production release and release date for Task 9 is revised as noted above under Updates, Timelines, and Milestones.

	Change in Description	Change in Cost (USD)
	<b>Subtask</b>	
1	No change to the description in the May 21, 2013 amendment	██████
2	<del>Release of additional funds to continue set up work, if necessary, upon Markit's written request and WCI, Inc.'s approval.</del>	██████

### Task 10: Conduct California Only Auctions and Reserve Sales 2013

Task 10 is terminated. See Tasks 12 and 13 for California auctions and reserve sales in 2014-2015.

	Change in Description	Change in Cost (USD)
1.	This task is terminated.	██████████

### Task 11: Auction Platform Updates

Work will not begin on any of these updates unless written authorization is received from the WCI, Inc. Executive Director. Prior to authorization, and upon request, Markit will provide a fixed-price cost for each update in the request.

Description	Cost (USD)
<ol style="list-style-type: none"> <li>1. The Auction page will provide details for each bid submitted including: the Bid Price in USD that will be used in settlement price determination, if submitted in CAD. WCI, Inc. will provide Markit a Jurisdiction Design Request to outline desired functionality.</li> <li>2. The Monitoring Page for a linked auction will display the Bid Price in both currencies with the currency the bid is submitted in highlighted. WCI, Inc. will provide Markit a Jurisdiction Design Request to outline desired functionality.</li> <li>3. For QC users, change "Bond" to "Letter of Guarantee" in the English and French versions of the Application Page and Organization Results Report, and where ever else "Bond" may appear on the MAP pages or in MAP emails and reports.</li> </ol>	██████████

### Pricing and Invoicing for Auctions and Reserve Sales (Tasks 12 through 14)

Markit will continue to provide MAP and Auction Support Services (in English and French) continuously during the term of this contract. Pricing and invoicing for these services will occur on a per event, fixed-price basis. Events include jurisdiction-specific and linked auctions (Task 12), California reserve sales (Task 13), and Quebec reserve sales (Task 14).

Obligation for payment begins for an event once Markit receives a Reference File from CA and/or QC for that specific event. The auction and reserve sale system and support service provided by Markit will include setup for an event, and continue through the application period and end at the closure of the auction (or reserve sale). In some cases an auction or reserve sale scheduled may not be held due to no qualified applicants. This may result from no applications being submitted or no qualified applicants. A qualified applicant is an applicant that submitted a bid guarantee and was approved to participate in an auction or reserve sale. For auctions or reserve sales scheduled but not held, Markit will complete MAP system and support services either: 1) from set up of an event through the application period including participation in training (no applications submitted), 2) from set up of an event through applicant approval

(no qualified applicants), or 3) from set up of an event through application approval, certification, and closure (completed auction or reserve sale).

The total fees outlined below assume all possible auctions and reserve sales occur during the term of this contract. WCI, Inc. may opt to revert from a linked auction to two individual jurisdiction auctions (i.e., California only and Quebec only auctions) based on the prices in this proposal. Invoices will be sent after each closure of an auction or reserve sale resulting from either the completion of the event or the event not being held due to no qualified applicants.

### Task 12: Quarterly Auctions

Task 12 does not include the linked practice auction, which is expected in 2014 but already included in Task 7. Markit will invoice WCI, Inc. for each auction on a time and material basis, up to the maximum amounts shown for each type of auction shown below.

The total amount for quarterly auctions of [REDACTED] is based on one Quebec only auction and seven Linked Auctions for California and Quebec during the Term.

Task 12a). Individual jurisdictional auction

*Specific cost details have been removed from the public document for business confidentiality and competitiveness reasons.*

	Description	Estimated Time (weeks)	Estimated Cost USD
<b>Subtask</b>			
1	Conduct Bidder Auction Qualification Process		
2	Receive Bids for Auction		
3	Conduct Quarterly GHG Auctions		
4	Determine Settlement Price and/or successful and unsuccessful bids per GHG allowance and reports		
5	Rerun Auction (TBD)		
6	Communicate Value of Bids to ARB or QC, & Monitoring Analytics		
<b>Maximum Total Invoice Cost perAuction</b>			[REDACTED]

Task 12b). Multi-jurisdictional auction

*Specific cost details have been removed from the public document for business confidentiality and competitiveness reasons.*

	Description	Estimated Time (weeks)	Estimated Cost USD
<b>Subtask</b>			
1	Conduct Bidder Auction Qualification Process		
2	Receive Bids for Auction		
3	Conduct Quarterly GHG Auctions		
4	Determine Settlement Price and/or		

	Description	Estimated Time (weeks)	Estimated Cost USD
	successful and unsuccessful bids per GHG allowance and reports		
5	Rerun Auction (TBD)		
6	Communicate Value of Bids to ARB, QC, & Monitoring Analytics		
<b>Maximum Total Invoice Cost per Linked Auction</b>			<b>[REDACTED]</b>

### Task 13: Quarterly California Reserve Sales

*Specific cost details have been removed from the public document for business confidentiality and competitiveness reasons*

Description	Cost USD
Quarterly California reserve sale services from set up through auction application and closure with no applicants	
Quarterly California reserve sale services from set up through auction application approval and closure with no qualified applicants	
Completed quarterly California reserve sale	
<b>Total quarterly California reserve sales for 2014-2015 (up to seven)</b>	<b>[REDACTED]</b>

### Task 14: Quebec Reserve Sales

Quebec reserve sales must be scheduled by WCI, Inc. through written notice. Markit will schedule a Quebec reserve sale within 90 days of this notice. The date of the sale will be determined through mutual agreement by Markit and WCI, Inc.

*Specific cost details have been removed from the public document for business confidentiality and competitiveness reasons*

Description	Cost USD
Quebec reserve sale services from set up through auction application and closure with no applicants	
Quebec reserve sale services from set up through auction application approval and closure with no qualified applicants	
Completed Quebec reserve sale	
<b>Total Quebec reserve sales for 2014-2015 (up to six)</b>	<b>[REDACTED]</b>



**Task 15: Optional Task - Transition Out.**

This is an optional task that will only be acted upon by the contractor with separate, written authorization from the WCI, Inc. Executive Director after receiving a cost proposal for this task from the contractor.

The contractor shall work with WCI, Inc. and any other vendor(s) selected by WCI, Inc., if applicable, at the conclusion of the contract, including if terminated early, to smoothly transition auction services to another service provider.

The 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:

- Estimated number of transition hours;
- Transition plan outlining transition-specific processes and procedures;
- Technical requirements;
- Project documentation;
- Security during transition;
- Data transition; 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 and must be approved by WCI, Inc.

## Assumptions

1. California entity is an account holding number that has Jurisdiction = CA in CITSS.
2. Quebec entity is an account holding number that has Jurisdiction = QC in CITSS.
3. Only California entities will participate in CARB auctions and reserve sales.
4. Only Quebec entities will participate in Quebec auctions and reserve sales.
5. Only California and Quebec entities will participate in Linked auctions.
6. Task 11 will be implemented on the existing MAP application.
7. The California user experience will remain identical to the user experience to the May 2013 auction until the time of the first linked auction, except as agreed upon through accepted prototypes for changes to the Auction Platform.
8. The project timelines assume two-working day turnaround time on information requiring clarification, and open issues outlined in the project status reports.
9. Markit will participate with the other contractors in Bidders Conference and Training Session as part of the Auction qualification process. Sessions funded through this agreement are to be facilitated by WCI, Inc. and WCI, Inc.'s AccuConference.
10. The timeline outlined is only for integration with existing California and WCI, Inc. contractors' platforms for: Market Monitoring (Monitoring Analytics), Financial Services Administration (Deutsche Bank) and CITSS (SRA).

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