

# Emissions Trading Market Monitoring Services

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Request for Proposal RFP#: 2021-01

**RFP RELEASE:**  
**MAY 17, 2021**

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Interested parties are encouraged to visit the [WCI, Inc. website](#) for more information about our services, and to subscribe to the electronic mailing list.



## RFP Schedule

Events	Date	Time (Eastern)
RFP Released	May 17, 2021	N/A
Deadline to Submit Written Questions	May 26, 2021	8:00 p.m.
Responses to Questions Issued	June 4, 2021	N/A
Final Date to Submit Initial Response	June 11, 2021	8:00 p.m.
Presentations by Selected Proposers	June 14-18, 2021	N/A
Final Date to Submit Final Response	July 9, 2021	8:00 p.m.
Evaluation Period	July 12-23, 2021	N/A
Contract Negotiations	July 26 to August 13, 2021	N/A
Estimated Contract Start Date – End Date	September 1, 2021 through January 31, 2026 for the Base Period, with a potential two-year Option Period from February 1, 2026 through January 31, 2028, subject to Board Consideration.	N/A

\*WCI, Inc. reserves the right to modify or cancel this solicitation in whole or in part, including any dates and times, at its sole discretion. Any clarifications or changes to the solicitation will be issued before the due date and a notice will be posted on WCI, Inc.'s website.

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## Acronyms and Definitions

AAR	Alternate Account Representative for an entity with a market registry account.
Agreement	The contract to be entered into between WCI, Inc. and the successful Proposer.
Applicant	Any entity that has submitted an auction or reserve sale application or intent to bid.
Auction Administrator	The Corporation providing Auction and Reserve Sale Administration Services.
Auction Services	Auction and Reserve Sale Services provided by the Auction Administrator.
Contractor	Proposer that is ultimately selected and contracted to provide the services described in this RFP.
Consigning Entity	The California and Nova Scotia Cap-and-Trade Program Regulations provide certain entities with the opportunity to sell their allowances through consignment at a government-run auction. In California, consigning entities are electrical distribution utilities and natural gas suppliers, while in Nova Scotia, any entity can consign allowances.
Covered Entity	An entity that has a compliance obligation as specified by California's Cap-and-Trade Program <a href="#">California Cap-and-Trade Program</a> , <a href="#">Québec Cap-and-Trade System</a> , or <a href="#">Nova Scotia Cap-and Trade Program</a> .
Entity	A person, firm, association, organization, partnership, business trust, corporation, limited liability company, company, or government agency registered under the <a href="#">California Cap-and-Trade Program</a> , <a href="#">Québec Cap-and-Trade System</a> , or <a href="#">Nova Scotia Cap-and Trade Program</a> .
ETS	Emissions Trading Systems.
Financial Services Administrator	The contractor providing Financial Services for Auction and Reserve Sale.

General Market Participant	A General Market Participant is a general term that has the same meaning as a Voluntarily Associated Entity in the California Cap-and-Trade Regulation and as a Participant in the Québec Cap-and-Trade Regulation. A General Market Participant may be further clarified as a General Market Participant – Organization or a General Market Participant – Individual.
GHG	Greenhouse Gas.
KYC	Know Your Customer.
Market Monitoring Administrator	The Contractor providing emissions trading Market Monitoring Services as described in this RFP.
Market Monitoring Services	Services provided by the Market Monitoring Administrator.
Market Monitor Contract Manager	A WCI, Inc. staff person that is the lead staff person responsible for managing work under the Agreement.
Mt CO <sub>2</sub> eq.	Million metric tons (Mt) of Carbon dioxide equivalent (CO <sub>2</sub> eq.). CO <sub>2</sub> eq. is a metric used to compare emissions of various greenhouse gases. It is the mass of carbon dioxide that would produce the same estimated radiative forcing as a given mass of another greenhouse gas. Carbon dioxide equivalents are computed by multiplying the mass of the gas emitted by its global warming potential.
Proposer	Party that submits a proposal in response to the current RFP.
PAR	Primary Account Representative for an entity with a market registry account.
Participating Jurisdiction	A jurisdiction with at least one representative serving on the WCI, Inc. Board of Directors. Currently, Participating Jurisdictions include the State of California and the Provinces of Québec and Nova Scotia. Additional jurisdictions may decide to participate in the future.
Potential Applicant	Any entity that has an active market registry account and that selects the "Auction Participation" box.
Qualified Applicant	Any entity that has submitted an auction or reserve sale application to participate in an auction or a reserve sale

	and has submitted a bid guarantee that was accepted by the Financial Services Administrator.
Qualified Bidder	Any Qualified Applicant that has been approved to participate in the auction or reserve sale.
Participant	An entity which does not have a compliance obligation, as specified by Québec's Cap-and-Trade Regulation, but intends to purchase, hold, sell, or voluntarily retire compliance instruments or an entity operating an offset project that is registered under the Québec Cap-and-Trade Regulation. A participant may be further clarified as a Participant – Organization or a Participant – Individual.
Reserve Sale	A California "Allowance Price Containment Reserve Sale" and "Price Ceiling Sale", Québec "Sale by Mutual Agreement" or Nova Scotia "Sale by Agreement".
RFP	Request for Proposal.
UAT	User Acceptance Testing.
VAE	Voluntarily Associated Entity. An entity which does not have a compliance obligation, as specified by California'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 California Cap-and-Trade Regulation. A Voluntarily Associated Entity may be further clarified as a Voluntarily Associated Entity – Organization or a Voluntarily Associated Entity – Individual.
VPN	Virtual Private Network.
WCI, Inc.	Western Climate Initiative, Inc.
Work	Activities conducted by the Contractor to fulfill its duties and obligations in connection with the Agreement.

## 1. About Western Climate Initiative, Inc.

Western Climate Initiative, Inc. ("WCI, Inc.") is a non-profit corporation providing cost-effective technical and administrative solutions for supporting the coordinated development and implementation of our Participating Jurisdictions' greenhouse gas (GHG) emissions trading programs.

Aiming to fight climate change with integrated cost-effective and technologically feasible GHG reduction programs, the Participating Jurisdictions have established the largest carbon market in North America, and they are continuing to develop and implement their separately managed economy-wide cap-and-trade programs. Together, the Participating Jurisdictions' cap-and-trade programs cover a population of more than 50 million people, representing about 3 trillion USD / 4 trillion CAD in gross domestic product (GDP) and impose a cap of 402 Mt CO<sub>2</sub> eq. on covered GHG emissions in 2020.

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

From its creation in 2011 through December 2020, WCI, Inc.'s services have supported 43 Auctions, which have generated approximately \$29.2 billion USD / \$37.3 billion CAD of Auction proceeds for its Participating Jurisdictions and California consigning entities. As of the end of December 2020, there were more than 950 entities registered in our centralized market registry.

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

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

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

To learn more about WCI, Inc.'s recent activities, please refer to the [WCI, Inc. website](#) and the [WCI, Inc. 2020 Annual Report](#).

## 2. Purpose of this RFP

Through this RFP, WCI, Inc. is seeking an experienced and qualified contractor to provide emissions trading Market Monitoring Services (referred to as Market Monitoring Services throughout this RFP and includes the services described in Attachment A). The markets to be monitored include:

- The current, and any future, market programs created by Participating Jurisdictions for mitigating GHG emissions;
- Secondary markets, including derivative markets based on compliance instruments, and;
- Related markets, such as energy markets and other carbon 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, bidding analysis, and certification of at least one allowance auction for Nova Scotia and one joint auction with California and Québec.

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

For the purpose of auditing and monitoring auctions and reserve sales, further detail on the participation processes can be found in the auction and reserve sale notices posted online by the jurisdictions: [California](#), [Québec](#) and [Nova Scotia](#).

### 3. Minimum Qualifications

To be eligible to submit a response to this RFP, Proposers must:

- As of January 1, 2021, the Proposer has at least five (5) years of experience providing Market Monitoring Services comparable in scope, complexity and level of services required for the Work described in this RFP. The Proposer has demonstrated financial and managerial capacity to execute the Work reliably and successfully.
- Identify key personnel whom Proposer intends to use for the Project, including at least a Project Manager with five (5) years of experience and other personnel with demonstrated ability in providing Market Monitoring Services with the scope, complexity and level of services required for the Work ("Key Personnel" are defined in Attachment A).
- Disclose any legal actions, disputes, proceedings or litigation regarding fraud, bankruptcies, malpractice, misrepresentation, negligence, or similar cause of action for a project, or projects, involving the Market Monitor Services within the last ten (10) years.
- Have not, within the past five (5) years, been involved in any disputes, litigation or private or governmental proceedings regarding fraud, bankruptcy, malpractice, misrepresentation, negligence, or other similar cause of action relating to or arising out of a project or projects involving the Market Monitor Services where applicant has been found to have been at fault, been required to pay damages or been found to have violated any law, regulation or rule.
- Have an official presence in the United States, Canada, or in both countries, as demonstrated by having a physical office location in either or both jurisdictions.
- Have not a business relationship or separate agreement in place for business-related services, including bid advice and strategy, or market subscription data, with an entity that is registered to any of the Participating Jurisdictions.

### 4. Services to be Provided

WCI, Inc. expects the Contractor to provide emissions trading Market Monitoring Services that are separated into the "tasks" detailed in **Attachment A: Statement of Work**. Those services are provided directly to the Participating Jurisdictions, which may maintain their own independent market monitoring activities. Therefore, the relationship of the Contractor with the Participating Jurisdictions is expected to be based on the following guiding principles:

- **Proficient:** The Contractor shall act as an emissions trading market expert and maintain cutting edge expertise and methodologies;
- **Proactive:** The Contractor shall seek continuous improvement in the quality of its deliverables and depth of its analysis and demonstrate initiative in proposing new data, studies, analysis or methodologies pertinent to the monitoring activities of the Participating Jurisdictions.

- **Prospective:** The Contractor shall show adaptive capacity based on an outstanding sense of anticipation and inference reasoning from specific or extraordinary events on monitored markets or any other relevant markets;
- **Instructive:** The Contractor shall provide advice and knowledge transfer to the Participating Jurisdictions regarding market monitoring best practices to help the Participating Jurisdictions maintain and expand their current market monitoring activities and capabilities, as needed;
- **Independent:** The Contractor shall act as an independent entity to corroborate sensitive market information by performing its own analysis and providing its own results to the Participating Jurisdictions;
- **Transparent:** The Contractor shall provide the necessary information and demonstration for the Participating Jurisdictions so that they understand the methodologies used and can reproduce any analysis or results, when required.

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

## 5. Statement of Work Overview

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 **Attachment 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 and contributing to collective market monitoring tools – including a shared dashboard and databases for linked programs – between Contractor and Participating Jurisdictions, between Contractor and WCI, Inc., and between Contractor and other WCI, Inc. contractors. The Plan must be implemented as soon as approved by the Participating Jurisdictions and must be revised annually.

**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:

- Monitoring holdings and transfers of compliance instruments recorded within the WCI, Inc. market registry;
- Monitoring market structure and entity corporate structure, including the evaluation of entity behavior, ownership changes, and investigations of corporate and individual relationships;
- Monitoring secondary and related markets, including derivative markets based on compliance instruments, and;
- 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 interest, confirm bids evaluation, and certify auction and reserve sale events.

**Task 4 – Monitor Compliance Instrument Holdings; WCI, Inc. Market Registry Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure with Entity Behavioral Analysis.** The purpose of this task is to monitor, evaluate, and report relevant market activities, metrics, and structures, including any allowance holding positions or situations of beneficial holdings that may violate Participating Jurisdictions’ regulations or provide opportunity to exercise market power. Contractor shall conduct this task in accordance with the Monitoring Plan to be developed under **Task 3**. Contractor shall obtain primary and backup staff access to required systems and data, process the data using robust analytical tools, calculate appropriate metrics for analysis; and identify any issues found in allowance holdings and transfers. The Contractor will also identify and analyze market metrics for any unusual entity behavior, including behavior that would indicate a change in corporate ownership or control, and report concerns and situations of beneficial holdings to the relevant Participating Jurisdiction(s).

Contractor shall be subject matter experts of robust, competitive commodity markets generally, how competitive commodity markets function, the behavior of rational, profit maximizing market participants, the role of contracts and how they are structured, and the state and federal laws that govern these markets. In addition, Contractor shall monitor, identify, and report any market abuse found in allowance market activity outside of Participating Jurisdictions’ Auction activities and the WCI, Inc. market registry, using secondary market data sources. Contractor shall also monitor related markets that may significantly affect a compliance instrument market, such as related energy markets and other emission trading systems.

- **Compliance Events:** Monitor and review account holdings and transfers of compliance instruments from entities compliance account to retirement accounts to fulfil compliance obligations. Provide regular updates and forecasts in quarterly market report updates to the Participating Jurisdictions. Compliance Obligations are defined pursuant to participating jurisdiction regulations.

- **Year with Annual Compliance:** applies to CA (e.g. November 1, 2022 is the compliance deadline for 30% of 2021 covered emissions data)
- **Year with Three-Year Period Compliance Obligation:** applies to California and Quebec (e.g. November 1, 2021 is the compliance deadline for 2018, 2019, and 2020 covered emissions data years)
- **Year with Period-End Compliance Obligation** – Nova Scotia (e.g. 2022)- Compliance reports will not be generated until the following year.

**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 and may be in a position to exercise market power<sup>1</sup>. Contractor shall maintain access to relevant ownership data (e.g., Dun and Bradstreet, Thomson Reuters, SEC 10k filings, *Registre des entreprises du Québec*, etc.) and review ownership structures using such collected data and data provided by the Participating Jurisdictions. Contractor shall provide jurisdictions with ad-hoc and monthly reports with updates on market participants and their ownership structure and associations to other registered entities, including ultimate parent entity mapping and groups of related entities. This review will occur on a routine basis, as described in the Monitoring Plan. Based on this review, Contractor shall revise its ownership structure and relationships database and provide regular monthly reports and data files to the Participating Jurisdictions. 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 of data requirements to Participating Jurisdictions. When requested by Participating Jurisdictions, Contractor shall compare its database with data provided by jurisdictions for accuracy and communicate any inconsistencies to the Participating Jurisdictions based on the Participating Jurisdictions’ regulations or contribute to the development and implementation of a shared database for linked programs. The Contractor’s database must at minimum track director/officer, owners, partnerships, employees with knowledge of market position, disclosed program consultants and advisors, and security interest shareholders for purposes of assessing various indicia of control and ownership to identify concentrated market power and reportable business relationships among registered entities and associates. This review should also review a disclosure of the Contractors current business relationship or separate agreement in place for business-related services, including bid advice and strategy, or market subscription data, with a market participant that is registered to any of 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:

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<sup>1</sup> Jurisdiction regulations may differ with respect to participant corporate structure.

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- Observing auction conduct in real time online and via conference call with jurisdiction authorities and the Auction Administrator;
- Reviewing auction processes and compliance with regulations;
- Acquiring auction data;
- Calculating and reporting auction results and metrics; and
- Maintaining a database of prior auction metrics and statistics to provide context for subsequent auctions and include an explanation of any informative or anomalous results or trends in auction reports. This task will include analyzing auction participant behavior and activity in accordance with entity profile and market metrics to report trends, observations, and findings.

**Exhibit 1** 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 current [California](#) and [Québec](#) respective Cap-and-Trade regulations, the schedule in *Exhibit 1* assumes quarterly joint auctions will be conducted. In addition, per current [Nova Scotia Cap-and-Trade Program Regulations](#), the Contractor will be required to monitor two (2) to four (4) auctions per calendar year. The frequency and detailed requirements for any event mentioned in the above paragraph may change based on the evolving regulation of each Participating Jurisdiction. **Exhibit 1** reflects an annual calendar for California, Québec and Nova Scotia events 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 are jurisdiction-specific. For California, reserve sales may be scheduled quarterly, depending on market conditions. If there are eligible market participants, Quarter 3 (September) reserve sales are always scheduled to be held, whereas the other quarterly reserve sales are only held if a specific price is reached based on the settlement price of the prior auction. In addition, California may hold price ceiling sales if covered entities require additional compliance instruments to meet their compliance obligation and cannot obtain these instruments through the reserve sale mechanism. Reserve sales for Québec and Nova Scotia are scheduled as needed and may be less than quarterly. The schedule in **Exhibit 1** reflects the maximum likely number of auction and reserve sale events to be scheduled for California, Québec and Nova Scotia. If additional jurisdictions decide to participate, or current jurisdiction regulations change, the number of events may increase. If certain conditions are met, the Reserve Sale may occur, however, no Reserve Sale has been held because prerequisite conditions to hold such events have never been satisfied.

## Exhibit 1. Anticipated Auction and Reserve Sale Annual Schedule

Event	Event Opens (Days prior to the event)	Event Held (Approximate Date)	Event Complete (Approximate Date)
<b>California-Québec February Auction</b>	<b>60 days</b>	<b>3<sup>rd</sup> week February</b>	<b>3<sup>rd</sup> week March</b>
California Reserve Sale*	30 days	4 <sup>th</sup> week March	4 <sup>th</sup> week April
Québec Reserve Sale*	60 days	Mid-April	Early May
Nova Scotia Reserve Sale*	60 days	4 <sup>th</sup> week April	4 <sup>th</sup> week May
<b>California-Québec May Auction</b>	<b>60 days</b>	<b>3<sup>rd</sup> week May</b>	<b>3<sup>rd</sup> week June</b>
<b>Nova Scotia June Auction</b>	<b>60 days</b>	<b>2<sup>nd</sup> week June</b>	<b>2<sup>nd</sup> week July</b>
California Reserve Sale*	30 days	4 <sup>th</sup> week June	4 <sup>th</sup> week July
Québec Reserve Sale*	60 days	Mid-July	Early August
Nova Scotia Reserve Sale*	60 days	4 <sup>th</sup> week July	4 <sup>th</sup> week August
<b>California-Québec August Auction</b>	<b>60 days</b>	<b>3<sup>rd</sup> week August</b>	<b>3<sup>rd</sup> week September</b>
California Reserve Sale*	30 days p	4 <sup>th</sup> week September	4 <sup>th</sup> week October
Québec Reserve Sale*	60 days	Mid-October	Early November
Nova Scotia Reserve Sale*	60 days	4 <sup>th</sup> week October	4 <sup>th</sup> week November
<b>California-Québec November Auction</b>	<b>60 days</b>	<b>3<sup>rd</sup> week November</b>	<b>3<sup>rd</sup> week December</b>
<b>Nova Scotia November Auction</b>	<b>60 days</b>	<b>4<sup>th</sup> week November</b>	<b>4<sup>th</sup> week December</b>
California Reserve Sale*	30 days	4 <sup>th</sup> week December	4 <sup>th</sup> week January
Québec Reserve Sale*	60 days	Early January	Early February
Nova Scotia Reserve Sale*	60 days	Mid-January	Early February

\* If certain conditions are met, the Reserve Sale may occur, however, no Reserve Sale has been held because prerequisite conditions to hold such events have never been satisfied.

**Task 7 – Audit and Monitor the Reserve Sales.**<sup>2</sup> 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, Québec and Nova Scotia regulations require separate reserve sales for each jurisdiction. Contractor shall conduct this task in accordance with the Monitoring Plan to be developed under Task 3. Contractor monitoring of reserve sales shall include:

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

**Task 8 – Participate in Emissions Trading Infrastructure Development, Testing and Demonstration.** The purpose of this task is to assist WCI, Inc. and Participating Jurisdictions in the testing of any updates to the emissions trading infrastructure, and in the monitoring of any auction or reserve sale conducted for demonstration or training purposes.

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

**Task 9 – Review Regulations and Other Program Documentation.** The purpose of this task is to review each Participating Jurisdiction's emissions trading program regulation and documentation to provide an independent opinion of any issues that may interfere with the efficient operation of the program or the compliance instrument markets.

Contractor shall, upon request by the Participating Jurisdictions, review documentation and provide a written list of comments, issues, and any further clarifying questions that arise in its review of the documentation. Examples of such documentation may include jurisdictions' existing and proposed

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<sup>2</sup> Reserve sales currently include California "Allowance Price Containment Reserve Sales" and Québec "Sales By Mutual Agreement", and Nova Scotia "Sales by Agreement".

regulations, jurisdictions' draft guidance for market participants, auction and reserve sale settlement algorithms and/or algorithm descriptions, registration filings, corporate structure and associations disclosures, and auction and reserve sale procedures.

**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 the California and Québec programs.

**Task 11 – Provide Knowledge Transfer and Ad Hoc Reports.** The purpose of this task is to regularly transfer and share knowledge between Contractor, Participating Jurisdictions, and, where appropriate, WCI, Inc. Contractor shall, upon request by a Participating Jurisdiction or at least on a quarterly basis, 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 or other relevant markets (e.g., European Union ETS, New Zealand ETS, China ETS, energy markets, financial markets, etc.), including best practices for detecting and addressing potentially fraudulent activities. This task includes participation in weekly and bi-weekly check-in meetings with Participating Jurisdictions; ongoing and period presentations on methodologies used and analyses performed, including any relevant updates to these methodologies and analyses; and proactive initiative to discuss any new relevant information with the Participating Jurisdictions and, upon request by WCI, Inc. or a Participating Jurisdiction, participation in workgroups on the development of new metrics, methodologies, analyses.

**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 may include the release of information deemed confidential by the Contractor, including plans, methods, processes, data, or code, but will not include the release of Contractor's proprietary information.

## 6. Response Requirements & Submission

### 6.1 Initial Responses

For this RFP, Proposers will submit an Initial Response which must include all required elements described below. After review of the initial responses, WCI, Inc. will invite selected Proposers to provide a presentation and confer with WCI, Inc. and the Participating Jurisdictions to further describe the Proposers' experience with providing the Market Monitoring Services and approach. If selected to provide a presentation and confer with WCI, Inc. and the Participating Jurisdictions regarding their proposal, a Proposer will have the opportunity to review and revise its Initial Response following the presentation.

## 6.2 General Requirements for a Proposer's Response

Responses (Initial and Final) to this RFP must contain the information outlined below. The proposal must be submitted in a clear, organized manner that facilitates evaluation. It is the responsibility of the Proposer to carefully read and follow all proposal requirements within this RFP. Compliance with the RFP's instructions is mandatory for a Response to be considered for award. Failure to comply with the RFP's instructions may cause a proposal to be deemed non-compliant or non-responsive, and thus ineligible for award.

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.

1. The Response must be submitted in English.
2. The Response must be provided electronically to WCI, Inc. as a single Portable Document Format ("PDF") file to: [rfp@wci-inc.org](mailto:rfp@wci-inc.org) by the deadline set forth in the RFP Schedule. The format must be text-searchable and not a scanned or "image only" document. Responses received after the applicable deadline may be rejected or considered, at WCI, Inc.'s discretion.
3. Responses should be on letter-sized pages within a minimum of 1-inch borders, 11 pt Arial (or similar font), and single-line spacing.
4. Responses must clearly state the Proposer's interest, ability, and commitment to complete the requested Market Monitoring Services described in this RFP. The Response must be complete and accurate. Omissions, inaccuracies, or misstatements, or a failure to meet the requirements of the RFP may be a cause for rejection of the proposal.

The Response must contain all the components, information and documents as outlined and described more fully below:

	Response Requirements
I.	Title Page
II.	Cover Letter
III.	Technical Proposal <ul style="list-style-type: none"> <li>- Corporate Experience of Proposer on Similar Projects</li> <li>- Approach to the Project</li> <li>- Discussion of Potential Conflicts of Interest</li> </ul>
IV.	Fee Proposal
V.	Proposer's Requested Revisions to WCI, Inc.'s Standard Agreement

**a. Title Page.**

The Title Page must include the following information:

RFP# 2021-01 Emissions Trading Market Monitoring Services

[Date of Response Submission]

[Proposer's Company Name]

**b. Cover Letter. Maximum two (2) pages.**

The cover letter must include the following paragraph and the signature of the representative authorized to make the proposal on behalf of the Proposer:

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

The Proposer's Response must also include the following statement, tailored to fit its own business:

I certify that [Company]:

(1) has an official presence by having a physical office location in [Identify location(s) (i.e., in the United States, in Canada, or in both countries)];

(2) has no business relationships or separate agreements in place for business-related services with a market participant that is registered to any of the Participating Jurisdictions;

(3) can provide all required Market Monitoring Services, in accordance with all applicable national, state and provincial laws and regulations of WCI, Inc. and the Participating Jurisdictions;

The cover letter must be provided on the Proposer's company letterhead and include:

1. The name and address of the Proposer. A Post Office box may be used but the Proposer's street address must also be provided.
2. The name, title/position, and manual signature of the authorized representative of the Proposer. Only an individual who is authorized to bind the Proposer contractually shall sign the required Cover Letter for the proposal. An unsigned Cover Letter may cause the proposal to be rejected.
3. The indication that the Response constitutes an irrevocable Proposal by the Proposer for a period of one-hundred and eighty (180) days after submission of the Response.

### 6.3 Technical Proposal. Maximum seven (7) pages.

#### a. Corporate Experience of Proposer on Similar Projects

The Proposer shall provide information on recent projects performed within the past five (5) years that demonstrate Proposer's ability to provide services similar to the Market Monitoring Services sought by this RFP. Each project described must include a brief description of the scope actually performed by Proposer and its relevance/similarity to the Market Monitoring Services sought by this RFP. Proposer should also identify how the work was performed, the timeframe or duration of the services being performed, and the magnitude or cost for each project listed.

#### b. Approach to the Project

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

- Current administrative and operational processes, data systems and programs, and controls offered that will be used to meet the objectives of the Market Monitoring Services (and all tasks) required, including timely delivery and high-quality performance of each task.
- Key issues and potential problems where Proposer will not be able to provide the Market Monitoring Services (or any tasks) required. Discuss mitigations, alternatives and options which would lead to successful performance of services and ability to complete task deliverables.
- A timeline for implementation of all Market Monitoring Services to be provided to the Participating Jurisdictions. Identify any risks for delays in the timeline, and how these risks can be mitigated. Include where services will need to be developed or customized to meet the objectives of the Market Monitoring Services. The timeline must identify the first Auction for which Proposer will be able to provide Market Monitoring Services.
- The location(s) where work will be conducted, and any coordination required if multiple offices are proposed to implement and ultimately provide the Monitoring Services.
- The outline of the management plan/organizational structure describing the management structure and project organization (including roles, responsibilities, and processes) that would be used to ensure effective communication and coordination with WCI, Inc., the Participating Jurisdictions, and other WCI, Inc. contractors, both during implementation and provision of the Market Monitoring Services.
- An overview of a proposed Monitoring Plan that describes how the tasks in the Scope of Work will be completed using one calendar year worth of activities (e.g., January 1, 2022 to December 31, 2022) to estimate the extent of work to be completed, timing, labor, and costs involved. This overview of a proposed Monitoring Plan should include a summary describing the possible market reports and deliverables within that calendar year that would be provided to the Participating Jurisdictions to meet the task requirements.

The Proposers 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, Proposers shall assume a contract start date of September 1, 2021. Proposers shall clearly indicate the anticipated date by which complete Market Monitoring Services can begin, including indicating the first auction or reserve sale event that will be monitored. For example, to monitor the February 2022 joint auction including California and Québec, all processes, procedures, and related market monitoring services would need to be ready for use approximately 12-16 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 2022, and the scope of work for monitoring tasks would begin by February 2022 joint auction. Proposers are requested to explain how the 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 in **Exhibit 2** is a sample of a Work Schedule to be included in the proposal. The Sample Work Schedule is not a required format, but it illustrates the minimum level of detail expected in the Work Plan under Task 1, and it is intended to assist the Contractor in the planning of task deliverables. This schedule does not contain a full description of all subtasks and actions to be completed by the Contractor; the Contractor should instead provide additional detail in the Work Schedule to be submitted with its proposal and to be finalized in the Work Plan under Task 1.

## Exhibit 2. Sample Work Schedule

Subtask Description	Start Date(s)	End Date(s)
<b>Task 1 – Develop Final Work Plan and Schedule</b>		
<b>Task 2 – Prepare and Maintain a Security Plan</b>		
Subtask 2.1		
Subtask 2.2		
...		
<b>Task 3 – Prepare and Maintain a Monitoring Plan</b>		
Subtask 3.1		
Subtask 3.2		
...		
<b>Task 4 – Monitor Compliance Instrument Holdings; Market Registry Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure and Entity Behavioral Analysis.</b>		
Subtask 4.1		
(Continue for all tasks)		

### c. Discussion of Potential Conflicts of Interest

The Contractor and its agents, representatives, and subcontractors must mitigate conflicts of interest between the Market Monitoring Services required under this Agreement and services provided by the Contractor to other clients or the Contractor's other business operations.

Each Proposer must also disclose any potential real or perceived conflicts of interest (*e.g.*, between the Proposer or an affiliated company of the Proposer with a covered entity or a General Market Participant, or by providing services to a covered entity or General Market Participant) and outline how such conflicts will be mitigated. The Proposer must also describe any formal policies or procedures that will identify and mitigate potential future conflicts of interest, and ensure that the Proposer's organization, management, and employees avoid financial interests and activities that create potential and actual conflicts of interest.

Proposers selected for presentations should be prepared to discuss their corporate structure policies and procedures utilized to identify and mitigate conflicts of interest, and how Proposer ensures that its organization, management, and employees avoid and mitigate conflicts of interest.

## 6.4 Rate Proposal

Proposer must submit its best estimate of the Annual and total cost for the duration of the contract period to provide Market Monitoring Services in U.S. Dollars, including the cost structure with estimated costs for each Task described in **Attachment A** for the Market Monitoring Services. A Proposer's costs submitted in the Initial Response and discussed at the Proposer's Presentation and Conference will not be considered binding unless Proposer later informs WCI, Inc. that the previously submitted Rate Proposal shall be considered part of its Final Response.

During the duration of the Contract, it is possible that additional or expanded services to the various tasks listed in the **Scope of Work** will be required from the Contractor if any new jurisdiction joins or based on the evolving regulation of each Participating Jurisdictions.

For task 6, the Rate Proposal must apply to current Participating Jurisdictions and any new jurisdiction (with similar size and regulation) which in the future might require Market Monitoring Services, and must clearly identify the difference in fees depending on the number of Auction participants. For planning the total estimated costs, WCI, Inc. estimates that each California-Québec Joint Auction may have around 100 applicants and that each Nova Scotia Auction may have around 20 applicants. Currently WCI, Inc. supports:

- four (4) California-Québec Joint Auctions on an annual basis and up to four (4) separate Reserve Sales may be held per year in both California and Québec.
- two (2) to four (4) Nova Scotia Auctions per year and up to four (4) separate Reserve Sales ("Sales by Agreement") per year in Nova-Scotia.

If certain conditions are met, a Reserve Sale(s) may be held. To date, no Reserve Sale has been held because prerequisite conditions have never been satisfied. As the frequency and detailed requirements for any event mentioned above may also change based on the evolving regulation of each Participating Jurisdiction, a fee per event for each type of event should be provided.

Provided below is a Rate Proposal structure to illustrate one method of presenting estimated costs, although this format is not required, it is recommended. Depending on the structure used by each Proposer, additional tables may be included, for example to differentiate Reserve Sale cost by Participating Jurisdiction. The format of the Fee Proposal will depend on the structure proposed. As an example, the cost structure for Market Monitoring Services for a Joint Auction may be different than a Jurisdiction-Specific Auction. Further details can be viewed in **Exhibit 3 and Exhibit 4**.

The cost proposal shall include a cost estimate for each task and a total for all tasks. 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 an Annual Not-To-Exceed (NTE) limit unless approved in writing by WCI, Inc. For tasks 1 through 10, WCI, Inc. requests that each Proposer estimate the Level of Effort (LOE), i.e., number of hours, required to provide the described services. All Proposers 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 Proposers should assume the following level of effort: Task 11: 300 hours/year; Task 12: 200 hours/year (while specifying the NTE one-time fee for transition out).

### Exhibit 3. Annual Not-To-Exceed Limit for Each Task

Table A - Description of Services	Cost (\$)
Task 1. Develop Final Work Plan and Schedule for Implementation	\$
Task 2. Prepare and Maintain a Security Plan	\$
Task 3. Prepare and Maintain a Monitoring Plan	\$
Task 4. Monitor Compliance Instrument Holdings; Market Registry Transfer Activity; Secondary, Derivative, and Related Market Activity; and Market Structure Market Structure with Entity Behavioral Analysis	
- Year with California Annual Compliance (Only)	\$
- Year with Three-Year Period Compliance Obligation – California-Quebec (e.g. 2023)	\$
- Year with Period-End Compliance Obligation – Nova Scotia (e.g. 2022)	\$
Task 5. Provide Independent Review of Participant Corporate Structure	\$
Task 6. Audit and Monitor the Auctions	\$
6.1. California-Québec Joint-Auctions (4 events*/year)	\$
6.2. Nova Scotia Stand-Alone Auctions (2-4 events*/year)	\$
Task 7. Audit and Monitor the Reserve Sales	\$
7.1. California Reserve Sales (up to 4 events*/year)	\$
7.2. Québec Reserve Sales (up to 4 events*/year)	\$
7.3. Nova Scotia Reserve Sales (up to 4 events*/year)	\$
Task 8. Participate in Emissions Trading Infrastructure Development, Testing and Demonstration	\$

<b>Table A - Description of Services</b>	<b>Cost (\$)</b>
Task 9. Review Regulations and Other Program Documentation	\$
Task 10. Linking with Additional Jurisdictions	\$
Task 11. Provide Knowledge Transfer and Ad Hoc Reports (300 hours)	\$
Task 12. Transition Out (one time cost – 200 hours)	\$
Other Direct Costs (General –\$/year)	\$
Other Direct Costs (Special)	\$
<b>Total Costs (Planning Tasks)</b>	<b>\$</b>
<b>Note: *Please also provide the fee per event for each type of event.</b>	

Labor Costs must be calculated as a fully loaded labor rate, inclusive of fee, times the hours worked.

- The labor rate and hours worked may vary by category of personnel. All Proposers shall use the labor categories described in **Exhibit 4** or propose their own categories for classifying their personnel and associated rates. Each staff person proposed should be clearly classified into one of the labor categories.
- 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 Proposer for each labor category. This category rate shall be used by the successful Proposer for invoicing purposes.
- 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.
- Proposers 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 Proposer's cost proposal.
- Once approved, the Contractor shall not exceed the proposed budget unless agreed to in writing by WCI, Inc.
- 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).
  - 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 4. Annual Hours and Rates per Task and Labor Category

Position Title/ Classification/Description	Hourly Rate (\$)	Level of Effort (hours)					Total Cost (\$)
		Task 1	Task 2	...	Task 12	Total	
<i>[List each role that is considered Key Personnel. The following are <b>for example purposes only</b>.]</i>							
Contract Manager							
Senior Economist							
Economist							
Business Analyst							
Systems Analyst							
Clerical/Admin Support							
Security Analyst							
Other							
<b>Total</b>							

### 6.5 Proposer's Requested Revisions to WCI, Inc.'s Standard Agreement

WCI, Inc. understands that Proposers may have standard terms for certain services due to legal and regulatory requirements; please include such terms, with an explanation of the terms required by law or regulation, along with requested revisions to the WCI, Inc.'s Standard Agreement. Proposers must submit any requested revisions to the WCI, Inc.'s Standard Agreement as part of their proposal. Proposers should be sure to note the applicable Attachment and section number and requested revisions. Proposers are encouraged to submit revisions representing their "last, best, and final" Proposal as WCI, Inc. will evaluate the extent of these requested revisions.

## 6.6 Final Responses

After providing a presentation to WCI, Inc. and the Participating Jurisdictions and before the deadline to submit the Final Response, a Proposer must either: (1) submit a Final Response which must include all required elements of the Initial Response and be identified as the Proposer's "Final Response"; or (2) affirm in writing to WCI, Inc. ([rfp@wci-inc.org](mailto:rfp@wci-inc.org)) that no changes to the Proposer's Initial Response are necessary and the Initial Response shall be the Proposer's Final Response. Proposers should make any changes to their Initial Response as needed, including finalizing the Fee Proposal. If any change is made to the Initial Response, even if affecting only one (1) page of the Response, the entire Response with all required elements must be submitted as the Final Response.

## 7. Evaluation Process

The contract award(s), if any, shall be made to a qualified and responsible Proposer whose Response is responsive to this RFP. A responsible Proposer is one whose financial, technical, and other resources indicate an ability to effectively perform the Market Monitoring Services required by this RFP.

### 7.1 Initial Response Evaluation

WCI, Inc. and the Participating Jurisdictions will review all submitted initial responses for completeness and satisfaction of the Minimum Qualifications. WCI, Inc. and the Participating Jurisdictions will then make a preliminary assessment whether each Proposer appears able to provide the Market Monitoring Services as requested.

### 7.2 Presentations by Selected Proposers

After review of all submitted initial responses, WCI, Inc. and the Participating Jurisdictions will invite selected Proposers to provide a presentation to WCI, Inc. and the Participating Jurisdictions describing how the Proposer would provide the Market Monitoring Services required. The Proposers will conduct the presentation via a webinar. The presentations should be no more than two hours to allow time for the presentation as well as responses to questions and discussion. The presentation should provide information on each required element of the Technical Proposal; PowerPoint or similar visual presentations are welcome.

### 7.3 Final Response Evaluation

WCI, Inc. and the Participating Jurisdictions will evaluate all Final Responses and intend to complete contract negotiations with the selected Proposer by mid-August 2021. WCI, Inc. may elect to enter into a contract with a Proposer offering the best overall value, after evaluating all Final Responses (and Fee Proposals). After contract negotiations conclude, WCI, Inc. staff will then present the Agreement to the WCI, Inc. Board of Directors for its review. Upon approval from the WCI, Inc. Board of Directors, the Contractor will be expected to begin implementing and providing Market Monitoring Services pursuant to the agreed-upon timeline with WCI, Inc. If a definitive contract cannot be negotiated, approved, and executed with any selected Proposer, WCI, Inc. may, at its sole discretion at any time, terminate contract negotiations with that Proposer and either negotiate with

the Proposer(s) offering the next highest value or choose to terminate the RFP and not enter into a contract with any of the Proposers.

There are three (3) main components to the evaluation of the Final Response:

- Technical Evaluation
- Fee Proposal Evaluation
- Acceptance or Requested Revisions to WCI, Inc.'s Standard Agreement

## A. Technical Evaluation

WCI, Inc. and the Participating Jurisdictions will evaluate each Proposer's Final Response to provide Market Monitoring Services in accordance with the requirements outlined in this RFP. The Proposer's Final Response must include all information required by this RFP. WCI, Inc. will score the Proposer's Final Response using the following criteria:

- a. Technical Approach and Understanding: 200 Points
- b. Corporate Experience on Similar Projects: 100 Points

In evaluating the Proposer's Technical Approach and Understanding, WCI, Inc. and the Participating Jurisdictions will review all available material and evaluate each Proposer's offering for Market Monitoring Services focusing on the following elements:

- Demonstration of sound, feasible, and achievable technical approach to implementing and providing the Market Monitoring Services in a timely manner, which clearly demonstrates an understanding of WCI, Inc.'s and the Participating Jurisdictions' objectives and needs and the manner in which they shall be addressed;
- Demonstration of a solid understanding and ability to perform in the subject area, including familiarity with regulatory, policy, and market-based issues related to Market Monitoring Services for market-based environmental compliance programs (including GHG emissions trading systems);
- Demonstration of experience providing market oversight and analyses for comparable market-based environmental compliance programs, including a proven record of tracking market changes and activities of market participants;
- Identification of any technical barriers/anticipated major difficulties, and recommendations for their mitigation and resolution; and
- Demonstration of ability to work with organizations responsible for designing and implementing market-based environmental compliance mechanisms.

## B. Rate Proposal Evaluation

Final Fee Proposals will be evaluated by WCI, Inc. and the Participating Jurisdictions based on the following:

- The technically qualified proposal that has the lowest final fee proposal shall be given a maximum Fee Proposal score of 100 points.
- All other technically qualified proposals will receive a Fee Proposal score calculated as the ratio of the lowest final fee proposal to the Proposer's cost, multiplied by the maximum cost estimate points available (100).

## C. Requested Revisions to WCI, Inc.'s Standard Agreement

Any Proposer's requested revisions to WCI, Inc.'s Standard Agreement will be evaluated to determine whether the revisions are acceptable to WCI, Inc. Proposers should be prepared to explain their requested revisions.

# 8. General RFP Information

## 8.1 Questions and Answers

All questions regarding this RFP must be submitted via e-mail to [rfp@wci-inc.org](mailto:rfp@wci-inc.org) by the deadline. All relevant questions will be formally answered by WCI, Inc., with the input from Participating Jurisdictions, and shared with Proposers. All questions will be posted with responses on the WCI, Inc. website on or before the date indicated in the RFP Schedule. Upon request from any prospective proposer, confidential discussions may be organized with WCI, Inc. staff, subject to its availability, to answer questions regarding this RFP. Any questions of a general nature discussed in a confidential discussion will be formally posted by WCI, Inc. on its website. Only information issued in writing by WCI, Inc. as an official notice should be relied upon. In addition, should any ambiguity or conflict arise between the English and French versions of this RFP, the English version shall control.

## 8.2 Right to Reject Proposals

A proposal may be rejected if it is incomplete, conditional, 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 or excuse the Proposer from full compliance with all requirements if the Proposer is awarded the Contract.

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 Proposer has submitted more than one proposal for the work contemplated herein may cause the rejection of all proposals submitted by that Proposer. If there is reason to believe that collusion exists among the Proposers, none of the participants in such collusion will be considered in this procurement.

### 8.3 Modifications and/or Withdrawal of a Response

A Proposer may modify a Response after its submission by withdrawing its original response and resubmitting a new complete response, prior to the final date for proposal submission. Modifications offered in any other manner, oral or written, will not be considered.

A Proposer may withdraw its Response by submitting a written withdrawal request to WCI, Inc. signed by the Proposer or an agent authorized in accordance with the **Signature Requirements** below. Proposals may not be withdrawn without cause after the proposal submission deadline.

### 8.4 No Right to Protest or Liability

Proposers understand that this RFP is issued by WCI, Inc. and the contract awarded will be entered into with WCI, Inc. The Proposer understands that it has no right to protest or challenge any evaluation or contract awarded under this RFP. The Proposer further understands and agrees that WCI, Inc., the Participating Jurisdictions, and any of their respective funding sources, shall have no liability to Proposer for any damages of any kind, including indirect, consequential, or special damages or lost profits which arise from, relate to, or are connected with this RFP, including the RFP's competitive process, the evaluation of proposals, the selection of a successful Proposer, or any failure or decision not to enter into a contract with a Proposer.

### 8.5 Proposer's Responsibilities

Proposers should carefully examine the entire RFP, with special attention to all Tasks requirements listed in **Attachment A: Statement of Work** and Response requirements previously described. Proposers shall investigate obstacles that might be encountered while planning and in performance of the Tasks. No additions or increases to the contract value will be made due to a lack of careful examination of the requirements.

Before submitting a response to this RFP, Proposers should review their response, correct all errors, and confirm compliance with the RFP's requirements.

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

It is the Proposer's responsibility to promptly notify WCI, Inc. by e-mail if the Proposer 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 so that the matter may be fully considered, and appropriate action may be taken by WCI, Inc.

If awarded the contract, the Contractor must be in good standing and must be qualified to do business in any jurisdiction where services will be performed at the time the contract is executed and during the entire term of the contract.

## 8.6 Signature Requirements

All documents requiring signatures contained in the original proposal package must be signed by authorized personnel of the Proposer.

## 8.7 Disposition of Responses

Upon opening the Responses, all materials submitted in response to this RFP will become the property of WCI, Inc. and shall not be returned to the Proposer. A Proposer has no right to audit or request a copy of any proposal submitted by any other Proposer. All submitted materials will be held in confidence subject to applicable laws. The successful Proposer's entire proposal, except for 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.

## 9. Attachments

Attachment A: Statement of Work

Attachment A1: Frequently Asked Questions

Attachment B: WCI, Inc. Standard Agreement

## Attachment A

### Statement of Work

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

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

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 joint California-Québec allowance auction and one Nova Scotia 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 California-Québec market, and a separate plan will be developed and maintained for Nova Scotia and any other market created by a Participating Jurisdiction but not linked to the California-Québec market. If such a market is subsequently linked to the California-Québec market, then a single plan will be developed and maintained for the expanded linked market.

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

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

The Contractor shall develop 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. and the Participating Jurisdictions.

#### Task 1 - Deliverables

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

#### Task 2. Prepare and Maintain a Security Plan

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 the Participating Jurisdictions.

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

The Security Plan, as appropriate, may incorporate and build upon the security plan currently in use 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.

- Confidential and market-sensitive data is stored in a separate secured network that is outside of the Contractor organization's main network or on a secure server(s) with restricted access.
- Contractor has designated Security Staff or Office.
- Contractor has approved security policies and procedures that are written in accordance with industry standards and frameworks.
- Contractor has not been involved in a security breach in the last five (5) years.
- Contractor must implement security control to prevent exfiltration of data from its systems.
- Contractor policies require the use of a firewall. A firewall is any device that directs or controls traffic between lower trust networks and higher trust networks.
- Contractor policies require the servers to contain the latest version of operating systems, antivirus protection, and security patches and updates.

- Contractor policies include periodic scans to discover vulnerabilities associated with server operating systems, applications, and active services that can be exploited by an intruder.
- All persons with access to data stored on the Contractor network must complete appropriate know-your customer (KYC) reviews as required by Participating Jurisdiction regulations, and confirmation of submittal of any required confidentiality and conflict of interest forms to the Participating Jurisdictions.
- Access to the Participating Jurisdictions' program information is limited to persons based on a need for specific data. Regular reviews are conducted to ensure only appropriate persons maintain access to confidential and market-sensitive data.
- Contractor servers that house confidential and market sensitive data are securely located, with limited access.
- Contractor network is auditable so that all login activity is recorded.
- Contractor policies ensure confidential and market-sensitive data cannot be stored on any portable or personal computing device.
- Contractor policies ensure controlled and limited access for authorized personnel only for remote offsite and wireless access to market-sensitive data. If Virtual Private Network (VPN) access to confidential and market-sensitive data is allowed, it is only allowed in very limited situations and to staff that have met the KYC requirements. No confidential and market-sensitive data is allowed to be downloaded but may be viewed through VPN access as that would constitute remote location storage of market-sensitive data.

Contractor shall provide 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**.

#### Task 2 - Deliverables

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

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

### Task 3. Prepare and Maintain a Monitoring Plan

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

The Monitoring Plan must describe Contractor's plan for:

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

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

The Monitoring Plan must include the following elements:

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

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

Contractor shall provide a 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.

### Task 3 - Deliverables

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

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

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

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

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

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

Contractor shall support Participating Jurisdictions in Compliance Events:

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

### Access to Market Registry Data

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

- The Contractor shall provide security controls to prevent unauthorized access to the equipment used to access the market registry. The Contractor shall implement procedures to protect Contractor's personnel's market registry account credentials (e.g., user IDs and passwords) from unauthorized disclosure. Prior to accessing the market registry, the Contractor shall implement procedures to prevent unauthorized disclosure of any data in the market registry that is accessed as part of its performance to complete the Work.
- The Contractor shall certify to WCI, Inc. that all personnel who have access to the market registry as part of performing the Work have been properly identified and evaluated for security purposes, including meeting the regulatory specifications for access to the market registry, (e.g. KYC checks). The Contractor shall maintain documentation, consistent with that required to establish access to the market registry,

for each assigned personnel with market registry access, which will be made available to WCI, Inc. and the Participating Jurisdictions upon request, and in the event of any changes of key personnel, including:

- True copy of valid and current personal identification documentation, including government-issued photo identification with an expiration date, such as a driver's license or passport.
- Address of primary residence, which must be in the United States or Canada.
- For Contractor personnel residing in the United States, confirmation from a U.S. financial institution (such as a federal or state licensed or chartered bank, savings and loan association or credit union) that the person has an open bank account. Bank account numbers and balances should be redacted.
- For Contractor personnel residing in the United States, an attestation that the individual has no criminal conviction during the previous five years constituting a felony in the United States.
- For Contractor personnel residing in Canada, confirmation from a financial institution located in Canada that the person has an account with the institution and that an identity check was carried out.
- For Contractor personnel residing in Canada, an attestation that the individual has no criminal conviction during the previous five years for fraud or any other serious criminal offence (for Canadian residents offences are identified in the Québec and Nova Scotia Cap-and-Trade Program Regulations).
- The Contractor shall submit to WCI, Inc. upon request, proof of the due diligence performed to verify the validity of the personnel documentation, which may include background checks and reviews of credit reports.
- In the performance of the Work, the Contractor shall use secure telephone, email, data storage, and other necessary systems in a manner preventing unauthorized access to the WCI, Inc. market registry account credentials, data, and user information. This may include the use of any systems used by WCI, Inc. and the Participating Jurisdictions such as Microsoft Teams, SharePoint, and other secure file sharing sources.

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

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

#### Task 4- Deliverables

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

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

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

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

## Task 5. Provide Independent Review of Participant Corporate Structure

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.<sup>3</sup>

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

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

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

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

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<sup>3</sup> Jurisdiction regulations may differ with respect to participant corporate structure.

## 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:

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

Contractor shall provide a report for each auction, including:

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

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

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

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

### Task 6- Deliverables

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

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

### Task 7. Audit and Monitor the Reserve Sales

The purpose of this task is to monitor the administration of and participant conduct in allowance reserve sales<sup>4</sup> sponsored by Participating Jurisdictions, and to provide an independent review of reserve sale performance and results and a report on the outcomes. California, Québec and Nova Scotia regulations require separate reserve sales for each jurisdiction.

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

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

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

- A review of reserve sale process issues, including processes and procedures, communications, security, and reserve sale services performance;
- A review of the reserve sale clearing, including evaluation and/or analysis of participant behaviors or activities impacting or potentially impacting reserve sale outcomes, validation of reserve sale results, and reserve sale metrics;

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<sup>4</sup> Reserve sales currently include California "Allowance Price Containment Reserve Sales" and Québec "Sales By Mutual Agreement", and Nova Scotia "Sales by Agreement." This task may also involve monitoring of any price ceiling sale conducted by California.

- Contractor's recommendation on whether the reserve sale should be certified and information to support the jurisdictions' determination as to whether to certify the reserve sale;
- Review and confirmation of final sale allowance distributions to successful bidders by jurisdiction; and
- Review and confirmation of information for public reserve sale reports to be released by the jurisdictions.

The Reserve Sale Report will be provided to the relevant Participating Jurisdiction by no later than two business days after the reserve sale clearing has been calculated by the Auction Administrator. In the event the reserve sale clearing cannot be executed or properly calculated by the Auction Administrator, the execution of the settlement process and the Reserve Sale Report, including reserve sale results, will be provided to the Participating Jurisdiction two business days after request by the jurisdiction. Contractor will be available to answer jurisdiction questions about the Reserve Sale Report as the jurisdiction evaluates whether or not to certify the reserve sale results.

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

#### Task 7- Deliverables

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

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

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

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

- Regarding testing of new or revised market registry infrastructure contractor shall, upon request by WCI, Inc. or the Participating Jurisdictions, assist with designing test cases, verify testing results, participate in acceptance testing, participate in demonstrations or trainings, and provide recommendations for market registry infrastructure.

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

#### Task 8- Deliverables

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

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

#### Task 9. Review Regulations and Other Program Documentation

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

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

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

### Task 9- Deliverables

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

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

### Task 10. Linking with Additional Jurisdictions

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. or the Participating Jurisdictions:

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

### Task 10- Deliverables

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

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

## Task 11. Provide Knowledge Transfer and Ad Hoc Reports

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

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

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

### Task 11- Deliverables

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

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

## Task 12. Optional Task: Transition Out

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

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

### Task 12- Deliverables

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

## Attachment A-1

### Frequently Asked Questions

The following questions and answers were issued for the [Cap-And-Trade Market Monitoring Services \(Issued on July 17, 2015\)](#) and have been updated for this RFP.

#### 1. What is the expected term of the contract?

The period of performance for the provision of all described Market Monitoring Services is the date of contract signing (expected around September 1, 2021) through January 31, 2026 for the Base Period, with a potential two-year Option Period from February 1, 2026 through January 31, 2028, subject to Board Consideration.

#### 2. How will WCI, Inc. evaluate responses to this RFP versus the performance of an incumbent for the work?

It is the policy of WCI, Inc. that procurement procedures be implemented to obtain best value for money expended for WCI, Inc. WCI, Inc. is very serious about competing this work and seeking qualified bids from experienced firms. The evaluation criteria were selected to ensure that the competitive process fosters an open, transparent and balanced approach. Note, for example, that past performance with WCI, Inc. is not listed as an evaluation criterion. Moreover, WCI, Inc. would not have undertaken the extent of outreach and communication to prospective Proposers, if it was not serious about a competitive procurement.

#### 3. Do you expect to award the entire scope to a single bidder?

Yes, WCI, Inc. expects to make a single award. The Market Monitoring Services intended for this procurement are best provided by a single contractor (inclusive of any subcontractors) responsible for the Scope of Work and monitoring all relevant markets.

#### 4. Is it possible that the tasks will be split it up between two or more bidders?

No, see answer to Question 3.

#### 5. Can we propose a fixed fee for each task/subtask?

No, as stated in the RFP, the contract shall be based on a Time & Materials (T&M) basis. WCI, Inc. expects the level of effort to vary as conditions change, including the potential of additional new jurisdictions.

6. Will any of the documents developed by the current monitor be disclosed by WCI, Inc.? We would be most interested in the current Security Plan and current Monitoring Plan. Bidders not provided access to such documents may be at disadvantage to the incumbent – how would this be accounted for in the bid evaluation?

The current Security Plan and Monitoring Plan contain market-sensitive information that cannot be shared with potential Proposers at this time. Relevant elements of these plans will be shared with the successful Proposer. However, WCI, Inc. will not review responses against any existing plans. WCI, Inc. is interested in hearing from each Proposer its ideas for providing Security and Monitoring Plans based on its experience.

7. Will WCI, Inc. release examples of all the reports issued by the current monitor in order for bidders to better understand the Statement of Work requested?

No, as noted in the answer to Question 6, the reports contain market-sensitive information that cannot be shared with potential Proposers at this time. Relevant reports will be shared with the successful Proposer.

8. Task 4. What are the “required systems and data”? Will WCI, Inc. provide a list the data sources used by the current Monitor?

The WCI, Inc. market registry is the primary data system used by WCI, Inc. As noted on pages 35 and 36 of the RFP, the successful Proposer will be granted access to the WCI, Inc. market registry. The data contained in the WCI, Inc. market registry to which the successful Proposer will have access is provided on page 37. In addition, as described in Task 4, the Proposers will monitor secondary and related market activity outside of the WCI, Inc. market registry through data sources identified in their Monitoring Plans developed under Task 3. The Participating Jurisdictions will also provide any additional program data to the successful Proposer.

9. Task 5. Will any current database be made available to the successful respondent to this RFP? Should bidders assume they will need to compile a database from scratch or does WCI, Inc. envision the successful respondent will update the database currently in use?

See answer to question 8.

10. Please clarify if there is an expectation that the Market Monitor will participate in regular cap-and-trade program meetings, or if the Market Monitor will only participate at the request of jurisdictions or WCI, Inc. to provide knowledge, advice, or recommendations, as suggested in Task 11?

WCI, Inc. expects the successful Proposer to participate in meetings on a weekly basis with the Participating Jurisdictions, and per request by the Participating Jurisdiction as needed. These meetings could be scheduled under several of the tasks contained in the Statement of Work, which is partly why no separate meeting task was established. The timing and nature of any meetings will be addressed during the contract in consultation with WCI, Inc., the Participating Jurisdictions, and the successful Proposer.

## Attachment B Standard Agreement ("Agreement")

[[WCI, Inc. Standard Agreement](#) document attached separately.]