

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

**STANDARD AGREEMENT**

STD 213 (Rev. 03/2019)

AGREEMENT NUMBER

20ISD004

PURCHASING AUTHORITY NUMBER (If Applicable)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

California Air Resources Board (CARB or State)

CONTRACTOR NAME

Western Climate Initiative, Inc. (WCI, Inc. or Contractor)

2. The term of this Agreement is:

START DATE

July 1, 2020

THROUGH END DATE

December 31, 2021

3. The maximum amount of this Agreement is:

\$10,908,112.00 (Ten Million and Nine-Hundred Eight Thousand, One Hundred Twelve Dollars and No Cents)

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

Exhibits	Title	Pages
Exhibit A	Scope of Work	2
Exhibit B	Budget Detail and Payment Provisions	2
Exhibit C *	General Terms and Conditions, GTC 04/2017	Online
+ - Exhibit D	Special terms and Conditions	3

Items shown with an asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto.

These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

**CONTRACTOR**

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Western Climate Initiative, Inc.

CONTRACTOR BUSINESS ADDRESS

980 9th Street, Suite 1600

CITY

Sacramento

STATE

CA

ZIP

95814

PRINTED NAME OF PERSON SIGNING

Greg Tamblyn

TITLE

Executive Director

CONTRACTOR AUTHORIZED SIGNATURE

*[Signature on File]*

DATE SIGNED

7/1/2020

**STATE OF CALIFORNIA**

CONTRACTING AGENCY NAME

California Air Resources Board

CONTRACTING AGENCY ADDRESS

1001 I Street, 19 Floor

CITY

Sacramento

STATE

CA

ZIP

95814

PRINTED NAME OF PERSON SIGNING

Edie Chang

TITLE

Deputy Executive Officer

CONTRACTING AGENCY AUTHORIZED SIGNATURE

*[Signature on File]*

DATE SIGNED

7/1/2020

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

DGS memo dated 05/06/2010

(88 Ops.Cal.Atty.Gen 56 (2005))

## **EXHIBIT A SCOPE OF WORK**

### **1. Background**

Assembly Bill (AB) 32 The Global Warming Solutions Action of 2006 charges the California Air Resources Board (CARB) with designing emission reduction measures to meet statewide emission limits for greenhouse gases (GHG). AB 32 directed CARB to design and implement measures that achieve real, quantifiable, cost-effective reductions of GHG emissions to return California to 1990 emissions levels by 2020. CARB was authorized to consider using market-based compliance mechanisms, such as a cap-and-trade program, to achieve the necessary emission reductions. Additional information on AB 32 and the CARB climate change program is available at: <https://ww2.arb.ca.gov/our-work/topics/climate-change>.

Western Climate Initiative, Inc. (WCI, Inc. or Contractor) was formed as a nonprofit organization to provide coordinated administrative and technical support to California and other states and provinces implementing emissions trading programs to reduce GHG emissions. By coordinating support across jurisdictions, WCI, Inc. enables cap-and-trade programs to be administered at a lower cost than would be possible with independent administration by each jurisdiction. Coordinated administrative support ensures that all the programs maintain the highest level of security, enhances market oversight, reducing the potential for fraud and malfeasance, and provides a framework that can be expanded as more jurisdictions implement their respective programs.

As a participating jurisdiction, and as required in Senate Bill 1018 (California Government Code Section 12894), California holds two (2) voting positions and two (2) nonvoting positions on the WCI, Inc. Board of Directors. Quebec and Nova Scotia are also participating jurisdictions (more information regarding the WCI, Inc. Board of Directors and bylaws is available at: <https://wci-inc.org/>). The funding contributions to WCI, Inc. differ among jurisdictions based upon covered GHG emissions in each jurisdiction.

### **2. Scope of Work**

WCI, Inc. agrees to provide CARB with participation in WCI, Inc. with access to administrative systems being developed and administered to support the implementation of state and provincial GHG trading programs. CARB will be provided access to administrative systems including development and administration of CITSS; development and administration of an allowance auction platform; coordinated auction financial administration; and analyses supporting market monitoring performed by each jurisdiction of allowance auctions and allowance and offset credit trading.

## EXHIBIT A SCOPE OF WORK

### 3. Contract Representatives

The Project Managers during the term of this Agreement shall be:

<b>State Agency:</b> California Air Resources Board	<b>Contractor:</b> Western Climate Initiative, Inc.
Name: Rajmir Rai	Name: Zahir Mohammed
Address: 1001 I Street Sacramento, CA 95814	Address: 980 Ninth Street, Suite 1600 Sacramento, CA 95814
Phone: (916) 327-5614	Phone: (916) 449-9642
Email: rajmir.rai@arb.ca.gov	Email: zmohammed@wci-inc.org

The parties may change their Contract Representative(s) upon providing ten (10) days written notice to the other party's Contract Representative(s). The notifying party shall provide complete contact information for the replacement Contract Representative(s) to include the information provided above

## EXHIBIT B BUDGET DETAIL AND PAYMENT PROVISIONS

### 1. Invoicing and Payment

- A. Upon receipt and approval of the itemized invoice(s), the State agrees to compensate the Contractor for annual membership dues in which 25% will be paid at the beginning of each quarter and the remaining 75% will be paid quarterly in arrears. Please refer to the table below for a breakdown of quarterly payments. The total amount payable to the Contractor for the duration of the contract shall not exceed \$10,908,112.00.

Quarter	25% Payment Amount	75% Payment Amount	Total
July- September 2020 Invoice Date: July 1, 2020	\$443,662.63		\$1,774,650.51
July-September 2020 Invoice Date October 1, 2020		\$1,330,987.88	
October-December 2020 Invoice Date October 1, 2020	\$443,662.63		\$1,774,650.51
October- December 2020 Invoice Date January 1, 2021		\$1,330,987.88	
		<b>2020 Total</b>	\$3,549,301.00
January- March 2021 Invoice Date January, 2021	\$459,925.69		\$1,839,702.75
January- March 2021 Invoice Date April 1, 2021		\$1,379,777.06	
April- June 2021 Invoice Date April 1, 2021	\$459,925.69		\$1,839,702.75
April- June 2021 Invoice Date July 1, 2021		\$1,379,777.06	
July-September 2021 Invoice Date July 1, 2021	\$459,925.69		\$1,839,702.75
July-September 2021 Invoice Date October 1, 2021		\$1,379,777.06	
October- December 2021 Invoice Date October 1, 2021	\$459,925.69		\$1,839,702.75
October- December 2021 Invoice Date January 1, 2022		\$1,379,777.06	
		<b>2021 Total</b>	\$7,358,811.00
		<b>Contract Total</b>	\$10,908,112.00

## **EXHIBIT B BUDGET DETAIL AND PAYMENT PROVISIONS**

- B. Contractor shall submit one (1) original and one (1) copy of each invoice. Invoice(s) must include the Agreement Number and shall be submitted electronically not more frequently than quarterly in arrears to:

[AccountingSystems@arb.ca.gov](mailto:AccountingSystems@arb.ca.gov)

and

Air Pollution Specialist- Rai Rajmir: [Rajmir.Rai@arb.ca.gov](mailto:Rajmir.Rai@arb.ca.gov)

- C. Government Code Section 12894(c) requires CARB to provide 30-day notice to the Joint Legislative Budget Committee prior to any funds over \$150,000 being provided to WCI, Inc. from CARB.

### **2. Budget Contingency Clause**

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement. The State will promptly notify Contractor if the Budget Act does not appropriate sufficient funds for the program.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

### **3. Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

## **EXHIBIT D SPECIAL TERMS AND CONDITIONS**

### **1. Termination**

This Agreement may be terminated and cancelled by the State prior to the end of the Term (as set forth in Section 2 of this Agreement) upon the State complying with the requirements of the withdrawal procedures set forth in Section 5 below.

This Agreement may be terminated and cancelled by WCI, Inc. upon the State's material breach of the Agreement and such breach is not cured by the State within [thirty (30)] days of WCI, Inc. providing State with written notice of such breach. The termination and withdrawal procedures set forth in Section 5 below, including without limitation the ninety (90) day notice period set forth in Section 5(a) below, shall apply to a termination for cause by the State under this paragraph.

### **2. Disputes**

- A. CARB reserves the right to issue an order to stop work in the event that a dispute should arise, or in the event that CARB gives the Contractor a notice that this Agreement will be terminated. The stop work order will be in effect until the dispute has been resolved or this Agreement has been terminated.
- B. Any dispute concerning a question of fact arising under the terms of this Agreement which is not disposed of within a reasonable period of time by agency and Contractor employees normally responsible for the administration of this agreement, shall be brought to the attention of the Executive Officer or designated representative of each party for joint resolution.

### **3. Amendments**

- A. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties, and approved as required. No oral understanding or agreement not incorporated in this Agreement is binding on any of the parties.
- B. CARB reserves the right to amend this Agreement through a formal written amendment, signed by the parties, for additional time and/or funding.

### **4. Stop Work Order**

State reserves the right to issue an order to stop work in the event that a dispute should arise, or in the event that State gives Contractor a notice that the Agreement will be terminated. The stop work order will be in effect until the dispute has been resolved or the Agreement has been terminated.

### **5. Termination and Withdrawal Procedures**

Section 1. Notice of Termination and Withdrawal.

Subject to the terms of Section 1 of Exhibit D, the State must provide WCI, Inc. and each of the other Participating Jurisdictions with ninety (90) days prior written notice of its intent to terminate this Agreement prior to the end of the term ("Notice of Termination"). The parties

## EXHIBIT D SPECIAL TERMS AND CONDITIONS

acknowledge and agree that WCI, Inc.'s receipt of the Notice of Termination shall trigger the withdrawal procedures set forth in Article X, Section 10.1 of the WCI, Inc. Bylaws which provide for the termination of California as a Participating Jurisdiction of WCI, Inc.

Section 2. Effect of Providing Notice of Termination.

WCI, Inc.'s receipt of the Withdrawal Notice shall have the following effects:

- a. Within fifteen (15) business days of WCI, Inc.'s receipt of the Notice of Termination, WCI, Inc. shall provide to the State a draft plan of withdrawal ("Withdrawal Plan"). A copy of the Withdrawal Plan shall also be provided to all other Participating Jurisdictions.
- b. The Withdrawal Plan shall include, at a minimum, the following items:
  1. List of specific actions and tasks required on the part of WCI, Inc. to withdraw California as a Participating Jurisdiction including, but not limited to: removing California from all IT and related platforms, closing all escrow accounts, collecting and returning all California confidential, personal and proprietary information that is in the actual or constructive possession of WCI, Inc. (collectively, "**Withdrawal Services**");
  2. Describe the phasing out of California's participation in WCI, Inc.'s programs and activities during the period prior to the Termination Date (as defined below);
  3. Provide a list of all actions required of the State to withdraw as a Participating Jurisdiction and a timeline for the execution of Withdrawal Services, which shall include the estimated date upon which the Withdrawal Services shall be complete ("**Termination Date**");
  4. WCI, Inc.'s cost to provide the Withdrawal Services ("**Withdrawal Cost**") as described further in Section 3 below; and
  5. An accounting of the fees paid to WCI, Inc. under this Agreement by California and application of the Withdrawal Costs.
- c. The State shall have ten (10) business days to provide WCI, Inc., with a copy to all other Participating Jurisdictions, with its written comments on the draft Withdrawal Plan. WCI, Inc. and State, in consultation with the other Participating Jurisdictions to the extent possible, shall work in good faith and in a diligent manner to finalize the terms of a mutually agreeable Withdrawal Plan ("**Final Plan**") as soon as reasonably possible.

### Section 3. Withdrawal Costs.

Withdrawal Cost shall include all costs directly incurred by WCI, Inc. in providing the Withdrawal Services plus the State's proportionate share of any of WCI, Inc.'s fixed costs or non-terminable or non-refundable costs in providing cap and trade program services as set forth in the current approved WCI, Inc. budget and as agreed in the Final Plan. Withdrawal Costs must be paid by the State to WCI, Inc. within ninety (90) business days of the completion of the Final Plan.

## **EXHIBIT D**

### **SPECIAL TERMS AND CONDITIONS**

#### **Section 4. Cooperation of Parties in Withdrawal Process.**

WCI, Inc. shall, as soon as reasonably possible, notify the State and the other Participating Jurisdictions of any circumstance or event of which it becomes aware that is related to or is resulting from California's withdrawal from WCI, Inc. that could potentially have a material negative effect to WCI, Inc., the remaining Participating Jurisdictions or applicable markets ("Negative Consequences"). WCI, Inc. and the State, in consultation with the other Participating Jurisdictions, shall work in good faith and in a diligent manner to mitigate any such Negative Consequences which may include, but are not limited to, removing California from all IT and related platforms and closing all escrow accounts.

#### **Section 5. Use of California confidential and proprietary information Post-Termination.**

In addition to and notwithstanding any other term or condition of the Agreement but subject to any laws applicable in California, WCI, Inc. may keep a copy of California's confidential and proprietary information for the use by WCI, Inc. and the remaining Participating Jurisdictions only if such use is necessary and only for as long as such use is necessary for the ongoing market monitoring and oversight of the remaining joint market. In keeping a copy of and using California's confidential and proprietary information, WCI, Inc. shall ensure use of such information is consistent with the use of such confidential and proprietary information by the remaining Participating Jurisdictions and WCI, Inc. during the term of this Agreement. The State shall allow use of the California's confidential and proprietary information by WCI, Inc. and the remaining Participating Jurisdictions only if WCI, Inc. and the remaining Participating Jurisdictions continue to maintain the confidentiality of such information consistent with the applicable information sharing agreements and each Participating Jurisdiction's responsibilities under its respective laws.