

COOPERATIVE AGREEMENT

between the

State of Rhode Island
Department of Environmental Management
Office of Air Resources
235 Promenade Street
Providence, Rhode Island 02908

and

REGIONAL GREENHOUSE GAS INITIATIVE, INC
90 Church Street
New York, New York, 10119

In the Amount of:

\$200,000.00
(\$50,000 annually)

For the Period of:

January 1, 2022 – December 31, 2025

For the Purpose of

Multi-State Greenhouse Gas Control Program

Regional Greenhouse Gas Initiative COOPERATIVE AGREEMENT

This Cooperative Agreement (hereinafter “Agreement”) is made and entered into as of January 1, 2022, by and between the Rhode Island Department of Environmental Management having its principal place of business at 235 Promenade Street, Providence, Rhode Island 02908 (hereinafter “DEM”) and the Regional Greenhouse Gas Initiative, Inc., a Non-Profit Corporation having its principal place of business at 90 Church Street, New York, New York, 10119 (hereinafter “RGGI, Inc.”) (hereinafter “the Parties”).

WHEREAS, Rhode Island is a Participating State in a multi-state greenhouse gas control program for carbon dioxide emissions from certain electric power plants (“Regional Greenhouse Gas Initiative” or “RGGI”);

WHEREAS, on July 12, 2007, RGGI, Inc. was incorporated in the State of Delaware as a non-profit organization, was formed for purposes of: (a) providing technical and scientific advisory services to the Participating States in the development and implementation of a multi-state greenhouse gas control program, or its successor, under RGGI, (b) reducing air pollutants that contribute to climate change; and (c) performing other charitable or scientific functions related to the reduction of greenhouse gas emissions or the increase in carbon sequestration on behalf of the Participating States;

WHEREAS, Rhode Island has established its carbon dioxide cap and trade program (hereinafter the “CO₂ Budget Trading Program”) pursuant to DEM’s authorities under R.I. Gen. Law § 23-82.

WHEREAS, the Participating States engage in periodic comprehensive program review to: (a) continue to reduce anthropogenic emissions of CO₂, a greenhouse gas, from CO₂ budget sources in an economically efficient manner; (b) update the regional CO₂ emissions cap to reflect market changes, new technologies and investments in energy efficiency and clean energy; (c) update the CO₂ Allowance Tracking System (hereinafter “COATS”), an electronic system to track CO₂ emissions, CO₂ allowances and CO₂ Offset allowances to reflect any amendments as outlined in the outcome of periodic comprehensive program review; (d) establish a program that provides compliance flexibility by awarding CO₂ offset allowances to projects that reduce and/or sequester emissions of greenhouse gases (hereinafter the “Offset Program”) and establish a market monitoring program to insure successful conduct of the auction.

WHEREAS, DEM has determined that a multi-state auction can and does provide benefits to Rhode Island and affected CO₂ sources within this State that meet or exceed the benefits conferred upon Rhode Island and those CO₂ sources through a State-run auction process and therefore, enters into this Agreement with RGGI, Inc.

WHEREAS, DEM has determined that services ancillary and complimentary to the RGGI Regional Auction, including but not limited to the COATS system, the Offset Program

and a market Monitoring Program are also best done on a regional scale, providing an efficiency and consistency of services necessary for the success of the program.

WHEREAS, RGGI, Inc. shall administer the duties listed below and shall perform all duties in compliance with the terms and conditions contained in this Agreement;

NOW, THEREFORE, DEM and RGGI, Inc., for and in consideration of mutual covenants and other good and valuable consideration, do hereby agree to the terms of this Agreement, as follows.

PARAGRAPH 1: TERM OF AGREEMENT:

The term of this Agreement shall commence on January 1, 2022 conclude on December 31, 2025.

The effective start date of performance under this Agreement shall be the date that the Agreement is executed by an authorized signatory for RGGI, Inc. and authorized signatories for DEM, whichever is later.

DEM has the option to renew the Agreement for two (2) additional four (4)-year terms.

PARAGRAPH 2: PURPOSE:

The purpose of this Agreement is to conduct the work as outlined in the Scope of Services (Appendix A). Changes to the Scope of Services are permissible upon mutual written agreement of both Parties and do not require modification of this Agreement.

DEM hereby contracts with RGGI, Inc. to administer and otherwise manage the Auction Program, the Tracking System, the Offset Program, the Market Monitoring Program and any and all services required under the aforementioned programs pursuant to the terms of this Agreement and as further described in the attached Scope of Services.

In accordance with the Certificate of Incorporation and Bylaws of RGGI, Inc., and in order to fulfill its obligations under this Agreement, RGGI, Inc. may enter into Agreements with any person, firm, association, corporation or body politic. Any subcontract entered into by RGGI, Inc. for the purposes of fulfilling its obligations under this Agreement must be in writing and shall be consistent with and subject to the provisions of this Agreement. Subcontracts shall not relieve or discharge RGGI, Inc. from any duty, obligation, responsibility or liability arising under this Agreement. RGGI, Inc. shall not subcontract any of the work or services covered by this Agreement without the prior written approval of DEM and shall provide DEM with copies of all subcontracts. DEM shall not be bound by any provisions contained in a subcontract to which it is not a party.

PARAGRAPH 3: RGGI, INC.'S DUTIES:

RGGI, Inc. shall perform the Project as set forth in the Scope of Services. In its performance under this Agreement and when utilizing funds received from this Agreement, RGGI, Inc. shall comply with all applicable federal, State, and local laws, and all applicable State

regulations and policies.

RGGI, Inc. shall not use funds received under this Agreement to lobby federal, State or local officials or their staff to receive additional funding or influence legislation.

RGGI, Inc. shall maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail, and written cost allocation procedures, as necessary. Financial management systems must be capable of distinguishing expenditures attributable to this Agreement from expenditures not attributable to this Agreement.

Upon request by DEM, RGGI, Inc. shall make available all of its books, records, documents, and accounting procedures and practices relevant to this Agreement to the State for inspection and audits conducted pursuant to Paragraph 8 – State Audits.

RGGI, Inc. shall, no less than quarterly, provide DEM with a detailed report of the activities undertaken by RGGI, Inc. or its subcontractors to meet its responsibilities under Article 1 during the preceding calendar quarter.

RGGI Inc. shall provide to DEM a copy of the year end audit conducted by an independent auditing firm and financial statements for the calendar year.

ARAGRAPH 4: AUTHORIZED REPRESENTATIVES:

All notices, submissions, correspondence and other communications specifically provided for or required under this Agreement shall be made by hand-delivery, electronic mail or by First Class Mail to the person and addresses listed below, or their successors. Any notice shall be deemed delivered and received when submitted in writing in person or when delivered by an other appropriate method evidencing actual receipt by DEM or RGGI, Inc.

DEM's Authorized Representative: DEM's Authorized Representative for purposes of administering this Agreement is:

Laurie Grandchamp
RI Department of Environmental Management
235 Promenade Street
Providence, RI 02908
laurie.grandchamp@dem.ri.gov
(401) 222-2808, ext 2777143

DEM's Authorized Representative has the responsibility to monitor RGGI, Inc.'s performance and review each request for reimbursement and the supporting documentation submitted. If DEM selects a new Authorized Representative at any time during this Agreement, DEM will notify RGGI, Inc. in writing.

RGGI, INC.'s Authorized Representative: RGGI, Inc.'s Authorized Representative for purposes of administering this Agreement is:

Andrew J. McKeon, Executive Director
RGGI, Inc.
90 Church Street
New York, NY 10007
Phone: (212) 861-7059
Andrew.Mckeon@rggi.org

If RGGI, Inc. selects a new Authorized Representative at any time during this Agreement, RGGI, Inc. will notify DEM in writing.

PARAGRAPH 5: CONSIDERATION, PAYMENT AND TERMINATION

The total cost of the work to be performed under this Agreement shall not exceed Two Hundred Thousand Dollars (\$200,000) in annual payments as set forth below.

PAYMENT METHOD: DEM will not pay RGGI, Inc. for expenditures incurred before the start of the performance period or after the termination date of this Agreement. All documented costs, expenditures and invoices shall be consistent with the Scope of Services.

In the event that the amount of any available or appropriated funds provided for the purpose of this Agreement shall be reduced, terminated, or not continued at an aggregate level sufficient for this Agreement, DEM shall notify the RGGI, Inc. of such reduction of funds and DEM shall be entitled to reduce its commitment accordingly, but shall be obligated for payments due to RGGI, Inc. up to the time of such notice.

All payments shall be on a reimbursement basis and made in accordance with procedures established by DEM. Payment to RGGI, INC. by DEM shall not be more frequent than monthly, requests for reimbursement shall be made in the form of original, signed invoices with valid supporting documentation that indicate the nature and time of the expenses, including payroll records and cancelled checks where applicable within a month of the termination date of this Agreement.

For calendar year 2022, DEM agrees to pay RGGI, Inc. an amount not to exceed \$50,000.00 to carry out the responsibilities and obligations detailed under this Agreement. RGGI, Inc., is hereby authorized to retain Rhode Island's total 2022 payment obligation from the first scheduled auction of 2022.

For calendar year 2023, DEM agrees to pay RGGI, Inc. an amount not to exceed \$50,000.00 to carry out the responsibilities and obligations detailed under this Agreement. RGGI, Inc., is hereby authorized to retain Rhode Island's total 2023 payment obligation from the first scheduled auction of 2023.

For calendar year 2024, DEM agrees to pay RGGI, Inc. an amount not to exceed \$50,000.00 to carry out the responsibilities and obligations detailed under this Agreement. RGGI, Inc., is hereby authorized to retain Rhode Island's total 2024 payment obligation from the first scheduled auction of 2024.

For calendar year 2025, DEM agrees to pay RGGI, Inc. an amount not to exceed \$50,000.00 to carry out the responsibilities and obligations detailed under this Agreement. RGGI, Inc., is hereby authorized to retain Rhode Island's total 2025 payment obligation from the first scheduled auction of 2025.

LIMIT OF PAYMENTS: In no event shall the total obligation of DEM for all payments and reimbursements to RGGI, Inc. under this Agreement exceed the Project Budget.

PARAGRAPH 6: ASSIGNMENT, AMENDMENTS AND WAIVER

ASSIGNMENT: RGGI, Inc. may neither assign nor transfer any rights or obligations under this Agreement.

NO THIRD PARTY RIGHTS: Nothing in this Agreement shall create or give to third parties any claim or right of action against Rhode Island or RGGI, Inc.

AMENDMENTS: Any amendment to this Agreement must be in writing and approved by DEM and shall not be effective until it has been executed by the Parties.

WAIVER: If DEM fails to enforce any provision of this Agreement, that failure does not waive the provision or its right to enforce it.

SEVERABILITY: If any part of this Agreement is determined to be invalid, illegal or unenforceable, such determination shall not affect the validity, legality or enforceability of any other part of this Agreement, and the remaining parts of this Agreement shall be enforced as if the invalid, illegal or unenforceable part were not contained therein.

ENTIRE AGREEMENT/CHANGES

This Agreement together with any Appendices annexed hereto contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior agreements or understanding between the Parties regarding such subject matter, or any portion thereof.

This Agreement may be amended or supplemented only by a written instrument signed by duly authorized representatives for all Parties.

This Agreement shall be governed by and construed in accordance with the laws of the State of Rhode Island.

The Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

PARAGRAPH 7: INDEMNIFICATION

RGGI, Inc. shall indemnify, save, and hold DEM, its agents, and employees harmless from any claims or causes of action arising from the performance of this Agreement by RGGI, Inc. or the RGGI, Inc.'s agents or employees. The obligations of RGGI, Inc. under this article shall survive any expiration or termination of this Agreement.

PARAGRAPH 8: STATE AUDITS

DEM and its authorized representatives shall have the right to audit, examine and make copies of all financial and related records relating to this Agreement. RGGI, Inc. shall cooperate with any state or federal audit with regard to this Agreement and shall maintain complete and accurate accounting records pertaining to this Agreement for a period of seven (7) years after this Agreement has closed.

RGGI, Inc. shall keep, maintain and preserve at its principal offices, through the term of this Agreement and for a period of seven (7) additional years thereafter, full and detailed books, accounts, and records pertaining to the performance of its obligations, including without limitation, all bills, invoices, payrolls, subcontracting records, and other data related to the direct costs and expenses incurred by RGGI, Inc. in the course of such performance under this Agreement.

PARAGRAPH 9: WORKERS' COMPENSATION

RGGI, Inc. certifies that it is in compliance with State's laws relating to workers' compensation coverage. RGGI, INC.'s employees and agents will not be considered State employees. Any claims that may arise on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

PARAGRAPH 10: PUBLIC RECORDS

All records possessed by DEM in connection with this Agreement are subject to the Rhode Island Access to Public Records Act (hereinafter "APRA"), R.I. Gen. Law § 38-2-1, et seq. In no event shall DEM be liable to RGGI, Inc. for releasing to the public any records relating to this Agreement that DEM determines should or must be released in accordance with APRA.

All documents generated or accepted in performance of this Agreement shall be confidential and shall not be released to anyone without prior authorization by DEM unless it is considered a public document under state law.

All documents generated or accepted by RGGI, Inc. in performance of this Agreement shall be made available to DEM upon written request.

PARAGRAPH 11: GOVERNING LAW

This Agreement and performance hereunder shall be construed under the laws of the State of Rhode Island.

RGGI, Inc. agrees to comply with the provisions of R.I. Gen. Law §28-5, Fair Employment Practices, and all Rhode Island and Federal laws, local statutes, ordinances, and regulations that are applicable to the performance of this Agreement.

PARAGRAPH 12: TERMINATION

Both Parties have the right to terminate this Agreement upon sixty (60) days' written notice to the other party. In such event, the Agreement shall be equitably adjusted to compensate for work satisfactorily completed. In the event that funding to DEM for this purpose is reduced or eliminated, DEM shall reduce its obligation accordingly and notify RGGI, Inc. in writing.

This Agreement may be terminated by DEM at any time during the term of this Agreement, with or without cause, upon 30 days prior written notice to RGGI, Inc.

If this Agreement is terminated, RGGI, Inc. shall be paid and compensated for the costs incurred up to the date of termination, and all remaining funds paid to RGGI, Inc. pursuant to Article 3 shall be returned to Rhode Island within 30 days of the date of termination

If at any time Rhode Island is no longer a Signatory State, then the Agreement may be terminated by RGGI, Inc. by written notice to Rhode Island.

PARAGRAPH 13: ARTICLE 9. DATA OWNERSHIP

With respect to any software computer programs, intellectual property and/or source codes developed under this Agreement, by RGGI, Inc. or any subcontractors thereunder, each Participating State shall be entitled to worldwide, irrevocable, non-exclusive, license to use any such software computer programs, intellectual property and/or source codes without limitation and including all inventions, patents or patent applications derived from such inventions developed under this Agreement.

As used herein, "Intellectual Property" shall mean inventions (whether or not patentable), works of authorship, trade secrets, techniques, know-how, ideas, concepts, and algorithms.

PARAGRAPH 14: INDEPENDENT CONTRACTOR

In carrying out the terms of this Agreement, RGGI, Inc. shall at all times be an independent contractor. Nothing contained in this Agreement shall be construed to create an employee-employer relationship with RGGI, Inc. or DEM.

PARAGRAPH 15: ATTACHMENTS

Attached hereto and made part of this Agreement are the following addenda:

Appendix A - Scope of Services

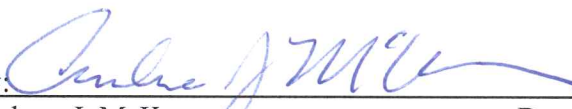
IN WITNESS WHEREOF, the Parties have hereunto set their hands and seals.

WITNESSES

REGIONAL GREENHOUSE GAS INITIATIVE, INC



Peter Rennie

By:  12.14.2021

Andrew J. McKeon Date

Executive Director

WITNESSES

STATE OF RHODE ISLAND
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

Suzanne Ammend

By: *Terrence Gray*
Terrence Gray, P.E.
Acting Director

12/21/21
Date

STATE OF NEW YORK
COUNTY OF NEW YORK

In the Town/City of New York in said County and State of New York on the 14th day of DEC in year 2021, before me personally appeared Andrew J. McKeon, Executive Director, of the REGIONAL GREENHOUSE GAS INITIATIVE, INC., (RGGI) to me known and known by me to the party executing the foregoing instrument for and on behalf of REGIONAL GREENHOUSE GAS INITIATIVE, INC., and he acknowledged said instrument by his executed to be his free act and deed, his free act and deed in his capacity as aforesaid, and the free act and deed of the REGIONAL GREENHOUSE GAS INITIATIVE, INC.

J. Goorsky
Notary Public

JAN GOORSKY
Notary Public, State of New York
No. 01GO4659910
Qualified in Westchester County
Commission Expires April 30, 2023

CERTIFICATE OF AUTHORITY

I, Peter Kennon certify that I am the Business Manager of the Regional Greenhouse Gas Initiative, Inc., the Non-Profit Corporation described in and which executed the foregoing instrument with the State of Rhode Island, Department of Environmental Management: that the said Non-Profit Corporation is organized under the laws of the State of Rhode Island that Andrew J. McKeon who executed said instrument as the President of said Non-Profit Corporation was then President of said Non-Profit Corporation and was duly authorized to execute said instrument on behalf of said Non-Profit Corporation: that I know the signature of said Andrew J. McKeon and that the signature affixed to such instrument is genuine.

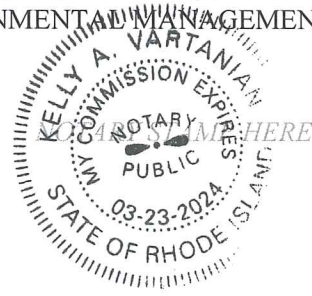
IN WITNESS WHEREOF I have hereunto set my hand and affixed the corporate seal of said Non-Profit Corporation the 14 day of December, 2021.

SIGNED: [Signature]

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In the City of Providence in said County and State, on the 21st day of December in year 2021, before me personally appeared Terrence Gray, P.E., the Acting Director of the State of Rhode Island, DEPARTMENT OF ENVIRONMENTAL MANAGEMENT, to me known and known by me to the party executing the foregoing instrument for and on behalf of the State of Rhode Island, DEPARTMENT OF ENVIRONMENTAL MANAGEMENT, and he acknowledged said instrument by his executed to be his free act and deed, his free act and deed in his capacity as aforesaid, and the free act and deed of the State of Rhode Island, DEPARTMENT OF ENVIRONMENTAL MANAGEMENT.

Kelly A. Vartanian
Notary Public



APPENDIX A

Regional Greenhouse Gas Initiative, Inc.

SCOPE OF SERVICES in Support of the Rhode Island Department of Environmental Management Implementation of the CO₂ Budget Trading Program

Regional Greenhouse Gas Initiative, Inc. (“RGGI, Inc.”) will provide program implementation and program development services, as outlined in this scope of services, to the State of Rhode Island, Department of Environmental Management (hereinafter “DEM”) to support the State of Rhode Island’s participation in the Regional Greenhouse Gas Initiative (RGGI) and the implementation of regulations for the Rhode Island CO₂ Budget Trading Program. RGGI, Inc., a non-profit organization incorporated in the State of Delaware, was formed expressly to provide technical implementation and program development support services to the Participating States.

OVERVIEW

RGGI, Inc. will provide services to support implementation of the Rhode Island’s CO₂ Budget Trading Program in the following five areas:

- I. Operation of a regional CO₂ emissions and allowance tracking system known as the CO₂ Allowance Tracking System (COATS), for use by DEM in administering the Rhode Island CO₂ Budget Trading Program in coordination with the counterpart programs in other participating states.
- II. Operation of the regional CO₂ allowance auction platform, for use by DEM in administering the Rhode Island CO₂ Budget Trading Program in coordination with the counterpart programs in other participating states.
- III. Market monitoring services for monitoring of both CO₂ allowance auction conduct and outcomes and monitoring of the secondary CO₂ allowance market for the CO₂ Budget Trading Program.
- IV. Technical assistance in the review of offset project consistency applications and offset project monitoring and verification reports; technical assistance in the review of applications for accreditation of independent offset project verifiers; and
- V. Provision of program development support services on an as-requested basis, including but not limited to evaluation of additional offset categories, the development of technical and policy recommendations related to specific CO₂ Budget Trading Program elements, for evaluation and consideration by DEM.

I. EMISSIONS AND ALLOWANCE TRACKING SYSTEM

RGGI, Inc. shall provide services to support emissions and allowance tracking for the Rhode

Island CO₂ Budget Trading Program. In any area where services are requested, all deliverables, where deemed appropriate in consultation with DEM, shall be presented to DEM in draft form for review and approval by DEM.

I-A. TRACKING SYSTEM REQUIREMENTS

RGGI, Inc. shall provide an emissions and allowance tracking system software platform (Tracking System) that meets the following requirements necessary to support implementation of the CO₂ Budget Trading Program.

TRACKING SYSTEM REQUIREMENTS

RGGI, Inc., shall develop the Tracking System to support the emissions and allowance tracking and compliance aspects of the program, as well as the offsets component, of the Rhode Island CO₂ Budget Trading Program. The Tracking System shall also be able to track CO₂ allowance prices, as reported during the transfer of CO₂ allowances, applicable price triggers, and appropriate offsets limits.

RGGI, Inc. shall use the U.S. EPA's Emissions and Allowance Tracking System operated by its Clean Air Markets Division (CAMD) as a starting point for defining and implementing system requirements. These requirements shall include, but not be limited to, functionality, security, reports, public access, and user interface.

CO₂ EMISSIONS DATA

Tracking System CO₂ emissions data reporting shall utilize the U.S. EPA Emissions Collection and Monitoring Plan System (ECMPS) and the U.S. EPA Clean Air Market Division Business System (CAMD CBS) emissions reporting and tracking platforms, respectively, to the extent practicable. To the extent necessary, any subcontractors engaged by RGGI, Inc. shall have strong working knowledge of 40 CFR Part 75 and the U.S. EPA's emissions data systems to ensure that the program implementation strategy takes into account the timeliness, data processing requirements, and data availability limitations associated with U.S. EPA's emissions reporting, tracking, analysis, and data storage procedures.

TRACKING SYSTEM DEPLOYMENT

The Tracking System shall include a data model, user interface, and functionality to support emissions inventory management, CO₂ allowance trading, compliance and program analysis and user security. RGGI Inc. shall also coordinate the operation of the tracking System with the administration of a regional CO₂ allowance auction. RGGI, Inc. shall (1) work with any independent third party hired by DEM to verify the Tracking System software is functioning properly, including potential redress; (2) if directed by DEM, to publicly post appropriate information about the Tracking System; and (3) to work with DEM to use ongoing experience to continuously improve the Tracking System.

As part of Tracking System deployment, RGGI, Inc. shall provide system documentation, user manuals, and other training tools, and update such materials on a regular basis as appropriate.

TRACKING SYSTEM HOSTING

To support the web application and database in a secure environment, RGGI, Inc. shall contract with a third party vendor to maintain dedicated hosting for the database. Hosting requirements shall include all appropriate security requirements for Application Service Providers (ASPs). Prior to executing any subcontract, RGGI, Inc. shall provide all relevant information relating to capability, cost, and subcontract terms for recommended ASP and two alternatives, to DEM's Authorized Representative for approval. The successful subcontracted ASP will have acceptable plans, to be reviewed by both DEM and RGGI, Inc. for loss or disaster recovery and business continuance.

EMISSIONS DATA TRACKING AND PROCESSING

In order to use the emissions data reported to U.S. EPA, under 40 CFR Part 75 for purposes of determining source compliance, RGGI, Inc. shall maintain a process and supporting data management tools and software that allow for transfer of emissions data from CAMD CBS to the Tracking System and include any necessary coordination or agreement with U.S. EPA regarding use and access to the emissions data. To the extent possible, RGGI, Inc. shall use existing emissions management routines to accomplish this objective.

OFFSETS MODULE

RGGI, Inc. shall provide and maintain a Tracking System software platform that includes an offsets module to track and maintain CO₂ allowances awarded to approved offset projects. RGGI, Inc. shall coordinate with the appropriate representatives of DEM to support administration of the offsets component of the Rhode Island CO₂ Budget Trading Program and to ensure that the offsets applications and submittal materials used by DEM align with the capabilities and needs of the Tracking System.

The offsets module shall have the functionality to track and monitor offsets project status details, such as the status of consistency applications and monitoring and verification submittals, as well as provide for public access to project documentation supporting such applications and submittals.

TRACKING SYSTEM REPORTS

The Tracking System software provided by RGGI, Inc. shall include a reports module to provide system users with reports of system data. These reports shall include, but may not be limited to: account allowance transfer reports, account holdings reports, CO₂ emissions reports, offsets status reports, and source compliance summary reports.

I-B. PROGRAM OPERATION

RGGI, Inc. shall provide ongoing implementation and operational support for the Rhode Island CO₂ Budget Trading Program, including the following tasks.

CO₂ ALLOWANCE PROGRAM MANAGEMENT

RGGI, Inc. shall provide support to DEM for all program activities relating to source management, allowance allocations to compliance and general accounts, and trades for both general and compliance accounts. This shall include the activity necessary to support the assignment of allowances to appropriate accounts following the successful completion and

DEM approval of all allowance auctions, as well as the population of user accounts after DEM award of each offset allowance.

EMISSIONS DATA MANAGEMENT AND ANALYSIS

RGGI, Inc. shall perform all data management and quality assurance tasks necessary to ensure the availability of annual CO₂ emissions data from all affected units. RGGI, Inc. shall prepare and send communications to the account representatives for affected sources-relating to the interim, draft, and final emissions values. RGGI, Inc. shall work with DEM to identify and resolve any issues relating to the submission of emissions data, and the accuracy and completeness of the data. To the extent requested by DEM, RGGI, Inc. shall contact industry representatives directly to resolve any outstanding issues. RGGI, Inc. shall document all issues, their resolution, and all contacts with industry representatives.

RECONCILIATION (TRUE-UP)

RGGI, Inc. shall assist DEM in assessing compliance of affected sources with the Rhode Island CO₂ Budget Trading Program. The Tracking System shall support data entry of compliance certifications required by the program and the identification of CO₂ allowances to be deducted during the compliance process. The Tracking System shall provide for the preparation of draft and final compliance reports and will provide information to DEM's staff contacts regarding possible non-compliance.

USER TECHNICAL SUPPORT

RGGI, Inc. shall provide technical support to industry, DEM, and public users of the Tracking System. RGGI, Inc. shall record all technical support requests, inquiries, or other occurrences in a log that identifies the nature of the request or events, requestor, respondent, response provided, date(s) and time(s) of response, and amount of chargeable time expended on the request and response. Records shall be provided to DEM's Authorized Representative on a periodic basis, or on demand, as requested.

As necessary, RGGI, Inc. shall provide assessments and recommendations relating to performance of the system based on technical support levels and user feedback. RGGI, Inc. shall not be responsible for interpretation of DEM's regulations, and/or interpretation of actions taken by DEM in enforcement of those regulations.

SYSTEM AND DATABASE SUPPORT

RGGI, Inc. shall be responsible for all aspects of the Tracking System maintenance and database support and management. This shall include database initialization and setup, ongoing database quality assurance activities, management of all user accounts and security, coordination and monitoring of the Application Service Provider support activities, database, security, application performance, and all other tasks required to ensure high system availability and performance. RGGI, Inc. shall provide reports to DEM's Authorized Representative on all routine activities and on any events or technical issues that will affect the operation or performance of the system. RGGI, Inc. shall oversee all data backup and audit procedures to ensure the ongoing integrity of the data.

II. ALLOWANCE AUCTION PLATFORM

RGGI, Inc. shall implement and administer a process and platform for the auctioning of CO₂ allowances. RGGI, Inc. shall provide services in three general areas: pre-auction, auction implementation, and post-auction. In any area where services are requested, all deliverables will be presented in draft form for review and approval by DEM. Services shall provide for CO₂ allowance auctions to be held quarterly (four auction cycles per calendar year).

II-A. PRE-AUCTION SERVICES

CONSULTATION

RGGI, Inc. shall work with DEM to modify existing auction administrative procedures, as necessary to improve administration of quarterly auctions, and to develop new auction procedures as appropriate

AUCTION NOTICES

RGGI, Inc., in consultation with DEM, shall create documents and associated information necessary to inform auction participants about all relevant details of the auction process and requirements for each auction event. Each notice of auction shall provide a specific description of the auction format that will be used, the quantities of CO₂ allowances to be auctioned, all applicable participation requirements, and the process for administering the auction. Such information shall be made available on a website maintained, and hosted by RGGI, Inc. specifically dedicated to RGGI auctions. RGGI, Inc. shall prepare for, host, and facilitate at least one conference call for prospective auction participants prior to each auction, , as well as receive and respond to written questions submitted by conference call participants.

PARTICIPANT QUALIFICATION

RGGI, Inc., in consultation with, shall assist in the development of all qualification application materials and documents and shall manage, under the direction of DEM, the application process, including receiving and reviewing each qualification application to determine completeness and accuracy of the information submitted. RGGI, Inc. shall be responsible for collecting and managing all auction financial security submissions and/or escrow accounts on behalf of DEM. RGGI, Inc., in consultation with DEM, shall be responsible for notifying bidders of their qualification status and auction specific participation status and maintaining a database of all qualified parties and bidders approved to participate in each auction.

AUCTION DOCUMENTATION AND TRAINING

To prepare for each auction, RGGI, Inc. shall create and distribute auction materials, such as participation instructions, final auction procedures and manuals, as well as the distribution of user codes and passwords to qualified auction participants. In addition, RGGI, Inc. shall be responsible for training auction participants in the use of the auction software platform.

II-B. AUCTION IMPLEMENTATION SERVICES

AUCTION PLATFORM

RGGI, Inc. shall provide and administer, on behalf of DEM, an secure online auction platform capable of accommodating an auction in all of the following formats:

- A sealed bid, uniform price auction
- An ascending price, multiple-round auction

Furthermore, the online auction platform shall be capable of managing CO₂ allowance purchase limits based on specifications provided by DEM, and simultaneous auctions of current year allowances and future vintage year CO₂ allowances. Such platform shall be capable of tracking bidding activity and must provide for audit level documentation of such activity, in accordance with auction monitoring protocols established by RGGI, Inc. in consultation with DEM.

II-C. POST-AUCTION SERVICES

RGGI, Inc. shall, on behalf of DEM, arrange for and facilitate the transfer of funds from successful bidders to an account designated by DEM and arrange for the return of financial security to bidders, RGGI, Inc. shall also be responsible for coordinating the operation of the Tracking System for the transfer of CO₂ allowances awarded at each auction at the direction of DEM, to the Tracking System compliance or general accounts of the winning bidders. RGGI, Inc. shall also be required to: (1) work with any independent third party hired by DEM to verify the results of the auction, (2) if directed by DEM, to post appropriate information about auction results; and (3) to work with DEM to use ongoing auction experience to continuously improve subsequent auctions.

III. MARKET MONITORING

RGGI, Inc. shall provide market monitoring services in three general areas: monitoring and auditing of CO₂ allowance auctions, monitoring of relevant secondary CO₂ allowance market activity, and provision of consultative services addressing market monitoring.

III-A. MONITORING AND AUDITING OF ALLOWANCE AUCTIONS

RGGI, Inc. shall provide professional monitoring of all CO₂ allowance auctions, some of which may involve a subset of participating states and may or may not include CO₂ allowances submitted for auction by DEM. RGGI, Inc. shall develop data collection methods, metrics, and analytic techniques for monitoring CO₂ allowance auction performance and thresholds for identifying any collusion, market power, and/or market manipulation that may impact the efficiency and performance of the CO₂ allowance auctions.

III-B. MONITORING OF SECONDARY MARKET BEHAVIOR

RGGI, Inc. shall monitor all relevant publicly available data and indicators of market behavior in the secondary CO₂ allowance market that may be expected to significantly impact the performance of CO₂ allowance auctions and the secondary CO₂ allowance market.

III-C. CONSULTATIVE SERVICES

RGGI, Inc. shall provide expert advice to DEM regarding how any aspects of the CO₂ allowance auction process should be altered in order to improve the performance and efficiency of the auctions and ensure the functioning of a fair and competitive CO₂ allowance

market.

IV. PROGRAM DEVELOPMENT SUPPORT

RGGI, Inc. shall provide program development support to DEM on an as-requested basis to facilitate DEM consideration of modifications to and/or expansion of the Rhode Island CO₂ Budget Trading Program. Such services may include but are not limited to the following:

- Evaluation of program implementation and identification of areas for potential improvement
- Electricity simulation modeling and macroeconomic analysis
- Evaluation of additional offset categories
- Development of technical and policy recommendations related to specific CO₂ Budget Trading Program elements

V. PROJECT REPORTING

RGGI, Inc. shall designate a Authorized Representative, who shall be the primary contact with DEM. The Authorized Representative shall be responsible for monitoring and ensuring progress for all tasks and subtasks, and for ensuring timely delivery of all deliverables outlined in this scope of services. The RGGI, Inc. Authorized Representative shall be responsible for all project reporting to DEM.

RGGI, Inc. shall submit quarterly progress reports every three months to DEM during the project term. These progress reports shall outline the status of progress in providing the deliverables specified in this scope of services, including identification of all completed/not completed services during the preceding three month period for every major task identified in the scope of services. These progress reports shall also note any problems encountered by RGGI, Inc. and their actual or proposed resolution. At the end of the project term, RGGI, Inc. shall prepare and submit a draft final report that provides a description and summary of all major work tasks and submitted deliverables. The draft final report shall be revised within 60 days to address all DEM comments, and RGGI, Inc. shall submit a final report to DEM addressing all such comments.

In any area where deliverables will be provided, such deliverables shall be presented to DEM in draft form for review and ultimate approval by DEM.