

CONTRACT

This CONTRACT ("Contract") is made and entered into as of this 17th day of April, 2008, by and between the State of Delaware through its Department of Natural Resources and Environmental Control ("Department") having its principal place of business at 89 Kings Highway, Dover, Delaware 19901; and the REGIONAL GREENHOUSE GAS INITIATIVE, INC ("RGGI, Inc."), a non-profit corporation having its principal place of business at 90 Church Street, New York, New York, 10119.

WITNESSETH:

WHEREAS, as of the date of this Agreement, the Governors of the states and commonwealths of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont ("Signatory States") have entered into a Memorandum of Understanding ("MOU") to establish 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 corporation formed for purposes of: (a) providing technical and scientific advisory services to the Signatory 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 Signatory States;

WHEREAS Delaware is a Signatory State to the RGGI MOU and intends to promulgate and otherwise establish its carbon dioxide cap and trade program (the "CO₂ Budget Trading Program") pursuant to the Department's authorities under 7 Del C Chapter 60 .

WHEREAS the Signatory States have agreed to: (a) stabilize and then reduce anthropogenic emissions of CO₂, a greenhouse gas, from CO₂ budget sources in an economically efficient manner; (b) establish the Tracking System Program ("Tracking System"), an electronic system to track CO₂ emissions, CO₂ allowances and CO₂ Offset allowances; (c) establish a multi-state auction that provides for the periodic auctions of CO₂ allowances (the "Auction Program"); (d) establish a program that provides compliance flexibility by awarding CO₂ offset allowances to projects that reduce and/or sequester emissions of greenhouse gases (the "Offset Program.") and establish a market monitoring program to insure successful conduct of the auction.

WHEREAS, the Department has determined that a multi-state auction can provide benefits to Delaware and affected CO₂ sources within this state that meet or exceed the benefits conferred upon Delaware and those CO₂ sources through a state-run auction process and

therefore, enters into this contract with RGGI, Inc. to conduct one or more of the multi-state auctions, in conformance with Design Elements for Regional Allowance Auctions under the Regional Greenhouse Gas Initiative published by the Signatory States on March 17, 2008 and attached hereto as Appendix A;

WHEREAS, the Department has determined that services ancillary and complimentary to the RGGI Regional Auction, including but not limited to the Tracking 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, the Department 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.

ARTICLE 1. RESPONSIBILITIES

1.1 The Department 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.

1.2 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 contracts 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 contract without the prior written approval of the Department and shall provide the Department with copies of all subcontracts. The Department shall not be bound by any provisions contained in a subcontract to which it is not a party.

ARTICLE 2. SCOPE OF SERVICES

2.1 The Scope of Services under this Contract is as provided in Appendix B.

2.2 Changes to the Scope of Services attached hereto are permissible upon mutual agreement of both parties and do not require modification of this Contract.

ARTICLE 3. PAYMENT

3.1 The Department will pay RGGI, Inc. a total of \$149,119 in exchange for RGGI Inc. carrying out its obligations under this Agreement in accordance with the following payment schedule:

- \$50,000 immediately upon execution of this contract;
- \$53,905 upon the first successful conclusion of a regional auction wherein CO2 allowances from Delaware are sold and for which payment for all allowances is made to the Department; and
- \$45,214 at the conclusion of the Contract period.

3.2 The obligations of each party to this Contract are not effective and no party is bound by the terms of this Contract unless and until a valid executed purchase order has been approved by the Delaware Secretary of Finance, and all the procedures of the Delaware Department of Finance have been complied with.

3.3 Payments under this Agreement may be made by electronic fund transfer or check. Payments to RGGI, Inc. by check shall be payable to “Regional Greenhouse Gas Initiative, Inc.”, and delivered to 90 Church Street, New York, New York 10119.

3.4 The Department will receive all revenues from the sale of all auction allowances whether from RGGI, Inc. or directly from the purchaser. RGGI, Inc. will not retain any payments from the sale of allowances under this agreement.

ARTICLE 4. REPORTS TO DEPARTMENT

4.1 RGGI, Inc. shall, no less than quarterly, provide the Department 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.

ARTICLE 5. INDEMNIFICATION

5.1 Unless otherwise exempted by law, RGGI, Inc. shall indemnify and hold harmless the State of Delaware including the Department, their agents, officers and employees against any and all claims, liabilities, losses, damages, judgments, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys’ fees and expenses) and costs for any personal injury or property damage, patent or copyright infringement or other damages (“Claims”) that the State of Delaware may sustain arising out of or in connection with RGGI, Inc.’s performance of this Agreement. This includes, without limitation, claims related to the negligence, reckless or intentional conduct of RGGI, Inc., its agents, officers, employees or subcontractors. After notification of a claim by Delaware, RGGI, Inc. shall have an opportunity to participate in the defense of such claim and any negotiated settlement or judgment. Delaware shall not be liable for any costs incurred by RGGI, Inc. arising under this paragraph. The obligations of RGGI,

Inc. under this Article shall survive any expiration or termination of this Agreement, and shall not be limited by any enumeration herein of required insurance coverage.

5.2 RGGI Inc. shall indemnify, save and hold harmless and defend the Department, its directors, employees, representatives or agents against any demand, claim, suit, loss, costs, or damages sustained in connection with performance of services provided under this agreement.

5.3 RGGI Inc. shall require each and every contractor or subcontractor for the project to indemnify, save and hold harmless, and defend the State of Delaware and the Department, and its directors, employees, representatives, or agents against any demand, claim, suit, loss, costs, or damages sustained in connection with performance of services provided under this agreement.

ARTICLE 6. EFFECTIVE DATE OF AGREEMENT

6.1 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 the Department, whichever is later.

6.2 This Agreement shall extend through 12/31/2009.

6.3 The timeframe for RGGI Inc to fulfill its obligations under this agreement may be extended as mutually agreed to by the Department and RGGI, Inc.

ARTICLE 7. PROJECT MANAGEMENT AND NOTICES

7.1 Valerie Gray is the designated Department Project Manager for this Agreement regarding the Tracking System. Except as otherwise provided in Article 7.6 below, communications, questions and submittals of a technical nature should be directed to Valerie Gray at 302 739-9402 or Valerie.Gray@state.de.us.

7.2 Valerie Gray is the designated Department Project Manager for this Agreement regarding the CO₂ Allowance Auction Program. Except as otherwise provided in Article 7.6 below, communications and questions of a technical nature should be directed to Valerie Gray at 302 739-9402 or Valerie.Gray@state.de.us.

7.3 Valerie Gray is the designated Department Project Manager for this Agreement regarding the CO₂ Offsets Program. Except as otherwise provided in Article 7.6 below, communications and questions of a technical nature should be directed to Valerie Gray at 302 739-9402 or Valerie.Gray@state.de.us.

7.4 Philip Cherry is the designated Department Project Manager for this contract and for any communications concerning the contractual relationship between RGGI, Inc and the Department, budget or fiscal matters between the two parties and other technical projects or policy matters not specified in 7.1 through 7.3 above. Except as otherwise

provided in Article 7.6 below, communications on matters described herein should be directed to Philip Cherry at 302 739-9000 or philip.cherry@state.de.us.

7.5 RGGI, Inc. shall, within 30 days of execution of this Agreement, designate a contact person for all communications, questions and submittals by the Department.

7.6 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 names and addresses listed in ARTICLE 7, above, 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 the Department or RGGI, Inc.

ARTICLE 8. MAINTENANCE OF RECORDS

8.1 RGGI, Inc. shall keep, maintain and preserve at its principal offices, through the term of this Agreement and for a period of seven additional years thereafter, full and detailed books, accounts, and records pertaining to the performance of its obligations hereunder which shall be made available to the Department upon written request to RGGI, Inc. at the contact listed above.

8.2 All documents generated or accepted in performance of this contract shall be confidential and shall not be released to anyone without prior authorization by the Department unless it is done pursuant to state law. RGGI, Inc. shall not release documents according to state law without prior notice to the Department.

ARTICLE 9. DATA OWNERSHIP

9.1 With respect to any software computer programs, intellectual property and/or source codes developed under this contract, by RGGI, Inc. or any subcontractors thereunder, each Signatory 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.

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

ARTICLE 10. TERMINATION OR SUSPENSION

10.1 Termination of Contract for Cause.

If, for any reasons, or through any cause, RGGI, Inc., shall fail to fulfill in timely or

proper manner its obligations under this Contract, or if RGGI, Inc., shall violate any of the covenants, agreements, or stipulations of this Contract, the Department shall then have the right to terminate this Contract by giving written notice to RGGI, Inc., of such termination and specifying the effective date, at least 5 days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports or other material prepared by RGGI, Inc., under this Contract shall, at the option of Department, become its property, and RGGI, Inc., shall be entitled to receive reasonable compensation as determined by the Department in its sole discretion for any satisfactory work completed on such documents and other materials which is usable to the Department. Whether such work is satisfactory and usable is determined by the Department in its sole discretion. However, ~~the~~ RGGI, Inc., shall not be deprived of any amount of the payment of \$50,000 due upon execution of the Contract as set out in Article 3.1.

10.2 Termination for Convenience of Department

The Department may terminate this Contract in its sole discretion at any time for any reason by giving written notice of such termination and specifying the effective date, at least 15 days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, models, photographs, reports, supplies, and other materials shall, at the option of the Department, become its property and RGGI, Inc., shall be entitled to receive reasonable compensation as determined by the Department in its sole discretion for any satisfactory work completed on such documents and other materials which is usable to the Department. Whether such work is satisfactory and usable is determined by the Department in its sole discretion. Such reasonable compensation shall be RGGI, Inc., sole compensation. Exercise of this right by the Department shall not be deemed a breach of this Contract, and no damages shall be awarded to RGGI, Inc., for exercise of this paragraph. If this Contract is terminated due to the fault of RGGI, Inc., Article 9.1 hereof relative to termination shall apply. However, the RGGI, Inc. shall not be deprived of any amount of the payment of \$50,000 due upon execution of the Contract as set out in Article 3.1.

10.3 Termination Because No Longer Signatory State

If at any time Delaware is no longer a Signatory State, then the Agreement may be terminated by the Department and/or RGGI, Inc.

ARTICLE 11. NO THIRD PARTY RIGHTS

11.1 Nothing in this Contract shall create or give to third parties any claim or right of action against the Department or RGGI, Inc.

ARTICLE 12. INDEPENDENT CONTRACTOR

12.1 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 the Department.

ARTICLE 13. SEVERABILITY

13.1 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.

ARTICLE 14. COMPLIANCE WITH LAWS

14.1 RGGI, Inc. agrees to comply with the provisions of the (applicable labor law) and all Delaware and Federal laws, local statutes, ordinances, and regulations that are applicable to the performance of this Agreement.

ARTICLE 15. ENTIRE AGREEMENT/CHANGES

15.1 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.

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

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

15.4 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.

APPENDIX A

Design Elements for Regional Allowance Auctions under the Regional Greenhouse Gas Initiative

The Regional Greenhouse Gas Initiative, or RGGI, is an agreement among the Governors of ten Northeastern and Mid-Atlantic States (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Rhode Island and Vermont) to reduce greenhouse gas emissions from power plants. The RGGI states (participating states) have committed to cap and then reduce the amount of carbon dioxide (CO₂) that certain power plants are allowed to emit, limiting the region's total contribution to atmospheric greenhouse gas levels. The participating states have agreed to implement RGGI through a regional cap-and-trade program whereby the participating states anticipate auctioning nearly the entire annual regional emissions budget, which initially is approximately 188 million short tons of CO₂. Each ton of CO₂ will constitute an "allowance."

The participating states have agreed to participate in uniform regional auctions for the allowances that each state will be offering for sale. The initial auction is currently planned for September 10, 2008 with a second auction scheduled for December 17, 2008. In conducting regional auctions, the participating states have come to agreement on the following design elements:

Auction Structure and Format: Allowances will be made available for sale on a quarterly basis in lot sizes of 1,000 allowances. The initial auction will offer allowances through a single-round, uniform-price, sealed-bid auction format. While the goal is to maintain a consistent auction format, flexibility will be retained to transition to a multiple-round, ascending-price auction format if necessary to address evolving market conditions.

Allowance Sale Schedule: Allowances will be identified with a vintage corresponding to the allowance's respective allocation year.¹ All allowances made available for auction by states, for a respective compliance period, will be offered for sale prior to the end of that compliance period. Future allowance vintages will be made available for sale in a quantity up to 50-percent of their respective annual allocation, and such offerings may be for allowances extending up to four allocation years into the future.

Participation: All market participants will be eligible to participate in the initial auction, provided they meet applicable qualification requirements, which will include provision of financial security. Flexibility will be retained to limit participant eligibility in subsequent auctions. Auction rules will establish a total limit for the number of allowances that entities (*e.g.*, an organization and its affiliates and/or agents) may purchase in a single auction, equivalent to 25-percent of the allowances offered for sale in any single auction.

Reserve Price: A reserve price of \$1.86 per allowance will apply to the first auction.² After the

¹ The RGGI Model Rule defines "allocation year" as a calendar year for which the respective regulatory agency allocates or awards CO₂ allowances pursuant to Subparts XX-5 and XX-10 of the Model Rule. The allocation year is the first year a CO₂ allowance or a CO₂ offset allowance can be used to demonstrate compliance. The allocation year of each CO₂ allowance is reflected in the unique identification number given to the allowance pursuant to subdivision XX-6.4(c) of the Model Rule.

² This value is 80 percent of ICF International's modeled 2009 allowance price of \$2.32, as represented in 2009 dollars.

first auction, a reserve price will be in effect that is the higher of \$1.86 per allowance, as adjusted annually from 2009 onward based on the Consumer Price Index, or 80-percent of the current market price³ of the particular RGGI allowance vintage being auctioned. A reserve price based on the current market price will only be used if representatives from participating states determine that there are sufficient, reliable market data available to establish a valid current market price. The reserve price will be made known to prospective auction participants prior to each auction.

Unsold Allowances: Any unsold allowances will be made available for sale in future auctions in which a reserve price based on the current market price is being used. In 2012, as part of the first program review envisioned in the December 2005 RGGI Memorandum of Understanding, a decision will be made by the participating states as to whether to retire any unsold allowances from the first compliance period, or to offer these allowances for sale in subsequent auctions during the second compliance period.

Notice of Auctions: A public notice of auction will be provided at least 45 days prior to each auction. Such notification will be posted on a publicly available RGGI auction web site and will be made available by states in accordance with any applicable state rules, regulations and/or administrative procedures.

Each auction notice will provide at a minimum: the date, time, and location of the auction, the categories of eligible bidders, any requirements established for qualified participants, the quantity of allowances to be auctioned, and all other relevant information and procedures necessary for prospective bidders to participate in such auction.

Monitoring: The participating states will retain a professional independent market monitor to monitor auctions and subsequent market activity. The independent monitor will observe the conduct of the auction qualification process and the conduct of the auction itself. Based on such monitoring, the independent monitor will provide the participating states with a timely report of whether the auction was conducted in accordance with the regulations established by participating states and the noticed procedures and requirements that apply to qualified auction participants.

Auction Results: Upon approval by the participating states of the auction outcome and upon payment in full by successful bidders to the respective participating states, each state shall transfer the corresponding CO₂ allowances to each successful bidder's applicable account in the CO₂ allowance tracking system. States will retain full regulatory authority for transferring allowances from their respective state accounts to winning bidders, contingent on approval of auction results and financial settlement.

Within a reasonable period of time following each auction, the participating states shall publish on the RGGI auction website the auction clearing price and the total amount of allowances sold in such auction.

³ The current market price of a RGGI allowance is defined as the volume-weighted average of transaction prices reported to the Participating States or their agents, and taking into account prices as reported publicly through reputable sources, including prices known from previous auctions.

APPENDIX B

Regional Greenhouse Gas Initiative, Inc.

Scope of Work in Support of the Delaware Department of Natural Resources and Environmental Control's 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 Delaware Department of Natural Resources and Environmental Control to support the State of Delaware's participation in the Regional Greenhouse Gas Initiative (RGGI) and the implementation of regulations for the Delaware 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 signatories of the RGGI Memorandum of Understanding (the "participating states"), signed December 20, 2005, as amended.

Overview

RGGI, Inc. will provide services to support implementation of the Delaware CO₂ Budget Trading Program in the following seven areas:

- I. Design and operation of a regional emissions and allowance tracking system (EATS), for use by the Department in administering the Delaware CO₂ Budget Trading Program and the counterpart programs in other participating states
- II. Design and operation of a regional allowance auction platform, for use by the Department in administering the Delaware CO₂ Budget Trading Program and the counterpart programs in other participating states
- III. Development of model offsets consistency applications and model offsets monitoring and verification submittal forms, suitable for customization by the Department for use in administering the offsets component of the Delaware CO₂ Budget Trading Program
- IV. Development of generic and category-specific guidance documents detailing the requirements for offset projects under the CO₂ Budget Trading Program, suitable for use by the Department to support administration of the offsets component of the Delaware CO₂ Budget Trading Program
- V. Development of an accreditation process for the accreditation of independent verifiers of offset projects, suitable for use by the Department to support administration of the offsets component of the Delaware CO₂ Budget Trading Program
- VI. Market monitoring services for monitoring of both allowance auction conduct and outcomes and monitoring of the secondary allowance market for the CO₂ Budget Trading Program
- VII. Provision of program development support services on an as-requested basis, including but not limited to evaluation of additional offset categories and the development of technical and policy recommendations related to specific CO₂ Budget Trading Program elements, for evaluation and consideration by the Department

I. Emissions and Allowance Tracking System

RGGI, Inc. shall provide services to support emissions and allowance tracking for the Delaware CO₂ Budget Trading Program ("Tracking System"). Such services shall be performed in two distinct phases: (A) Program and Systems Development and Deployment; (B) Annual Program Implementation and Support. If necessary to support the schedule established by participating states for holding an initial allowance auction(s) in

2008, phase (A) above may be broken into two sub-phases, the first of which would develop the needed Tracking System capability to support an initial auction(s) followed by development of full Tracking System capability as specified in phase (A) below. In any area where services are requested, deliverables, where deemed appropriate in consultation with the Department, shall be presented to the Department in draft form for review and ultimate approval by the Department.

I-A. Program and Systems Development and Deployment

Program Development

RGGI, Inc. shall develop an overall program implementation plan. To the extent necessary, any subcontractors engaged by RGGI, Inc. shall have strong working knowledge of 40 CFR Part 75 and U.S. EPA's data system 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 Data System Requirements Collection

RGGI, Inc., in consultation with the Department, shall develop the Tracking System to support the emissions and allowance tracking and compliance aspects, as well as the offsets component, of the Delaware CO₂ Budget Trading Program. The Tracking System shall also be able to track allowance prices, as reported, applicable price triggers, and appropriate offsets limits. To determine the functionality required, RGGI, Inc. shall conduct a needs assessment, involving representative groups of users, to determine the specific requirements for the application.

RGGI, Inc. shall utilize or provide similar functionality of U.S. EPA's Emissions and Allowance Tracking System as a starting point for defining these requirements. These requirements shall include, but not be limited to, functionality, security, reports, public access, and user interface.

Tracking System Design

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

Tracking System Development

Following approval by the Department of the Tracking System data requirements and system design, RGGI, Inc. shall develop software code for the Tracking System. RGGI, Inc. shall develop a test plan and perform extensive quality assurance and unit and integrated testing for all Tracking System functionality. RGGI, Inc. shall document and provide all testing scenarios to the Department. RGGI, Inc. shall deploy an alpha version of the application on a platform for testing and acceptance by the Department. Following acceptance of the alpha product, RGGI, Inc. shall provide a beta version of the Tracking System for beta users selected by the Department and RGGI, Inc., including industry users and representatives from participating states. Finally, RGGI, Inc. shall deploy the final version of the program. As part of the system development, RGGI, Inc. shall develop system documentation, user manuals, and other training tools.

Tracking System Hosting

To support the Tracking System Internet application and database in a secure data environment, RGGI, Inc. shall contract with a third-party vendor to establish dedicated hosting for the database. This will also serve as the

environment for alpha and beta testing. Using preliminary research on the capability and cost associated with a variety of hosting options, to include all appropriate security requirements for Application Service Providers (ASPs), RGGI, Inc. shall refine this analysis and subcontract with the selected ASP. Prior to executing any subcontract, RGGI, Inc. shall provide all relevant information relating to capability, cost, and subcontract terms for the recommended ASP and two alternatives, to the Department for approval. The successful subcontracted ASP will have acceptable plans, to be reviewed by both the Department and RGGI, Inc., for loss or disaster recovery and business continuance.

Emissions Data Tracking and Processing Development

In order for the Department to use the emissions data reported to U.S. EPA under 40 CFR Part 75 for purposes of determining source compliance with the requirements of the Delaware CO₂ Budget Trading Program, a process and supporting data management tools and software must be developed. The procedures relating to this task area shall be developed by RGGI, Inc. and any necessary coordination or agreement with U.S. EPA regarding use and access to the emissions data shall be resolved. RGGI, Inc. shall also develop a detailed plan for accomplishing this task. To the extent possible, RGGI, Inc. shall use existing emissions management routines to accomplish this objective.

The end result shall be the establishment by RGGI, Inc. of emissions data management tables consistent with the Tracking System design, so that the emissions values for the compliance period are available to the Department for true-up purposes.

Offsets Module

RGGI, Inc. shall provide a Tracking System software platform that includes an offsets module to track offset project status, including project submittals, approvals, and supporting documentation, and maintain CO₂ allowances awarded to approved offset projects. RGGI, Inc. shall coordinate with the appropriate representatives of the Department to support administration of the offsets component of the Delaware CO₂ Budget Trading Program to ensure that the offsets applications and submittal materials used by the Department align with the capabilities and needs of the Tracking System.

The offsets module of the Tracking System 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 shall include, but may not be limited to: account allowance transfer reports, account holdings reports, CO₂ emissions reports, offsets reports, and source compliance summary reports.

I-B. Program Operation

In the program operation phase of the project, RGGI, Inc. shall provide ongoing implementation and operational support for the Tracking System, including the tasks outlined below.

Allowance Program Management

Consistent with the implementation plan developed during the design and system development phase of the project, RGGI, Inc. shall provide implementation support to the Department 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 Department approval of all allowance auctions, as well as the population of user accounts after Department award of each offset allowance.

Emissions Data Management and Analysis

Consistent with the implementation plan developed during the design and system development phase of the project, 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 the Department 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 the Department, 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.

Allowance Reconciliation (True-up)

RGGI, Inc. shall assist the Department with the compliance assessment for the Delaware CO₂ Budget Trading Program. The Tracking System shall support data entry of compliance certifications required by the program and the identification of allowances to be deducted during the compliance process. This assessment shall factor in appropriate offsets limits as a function of a source's reported emissions. These limits will be adjusted appropriately to address the price trigger mechanisms in the participating states' regulations. RGGI, Inc. shall prepare draft and final compliance reports and will provide information to the Department's staff contacts regarding possible non-compliance.

User Technical Support

RGGI, Inc. shall provide technical support to industry, the Department, 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 the Department's Project Manager 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 the technical support levels and user feedback. RGGI, Inc. shall not be responsible for interpretation of the Department's regulations, and/or interpretation of actions taken by the Department in enforcement of those regulations.

System and Database Support

RGGI, Inc. shall be responsible for all aspects of Tracking System maintenance and database support and management. This shall include the 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, and application performance, and all other tasks designed to ensure high system availability and performance. RGGI, Inc. shall provide reports to the Department's Project Manager 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 design and implement a platform for the auctioning of allowances. RGGI, Inc. shall provide auction services in three general areas: pre-auction, auction implementation, and post-auction. In any area where services are requested, all deliverables will be presented the Department in draft form for review and ultimate approval by the Department.

II-A. Pre-auction Services

Consultation

RGGI, Inc. shall work with Department staff to develop a single standard allowance purchase and sales agreement for the CO₂ Budget Trading Program for use by participating states in facilitating allowance auction transactions. In addition, RGGI, Inc. may be asked to provide general consultation to the Department on auction design. This may include consultation on auction activity procedures and auction closing procedures.

Auction Notices

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

Participant Qualification

RGGI, Inc., in consultation with the Department, shall assist in the development of all qualification application materials and documents. RGGI, Inc. shall manage, under the direction of the Department, 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, through a third party, all auction financial security submissions and/or escrow accounts. RGGI, Inc., in consultation with the Department, shall be responsible for notifying bidders of their qualification status and maintaining a database of all qualified bidders.

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 the Department, an 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 allowance purchase limits based on specifications provided by the Department, and simultaneous auctions of current vintage year allowances and future vintage year 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 to be established by RGGI, Inc. in consultation with the Department.

II-C. Post-auction Services

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

III. Model Offset Consistency Applications and Monitoring and Verification Report Submittal Documents

RGGI, Inc. shall develop model offset consistency applications and model monitoring and verification report submittal forms for each eligible offset category, suitable for customization by the Department.

RGGI, Inc. shall design model application and submission materials to facilitate monitoring of the Department's offset project approval process by market observers and other participating states. All materials developed by RGGI, Inc. shall be consistent with the Model Rule criteria. The application and submission materials shall be more specific than the Model Rule criteria outlined in Sections XX-10.3, XX-10.5, and XX-10.7, with regard to required documentation. In developing these materials, RGGI, Inc. shall coordinate with the development of the Tracking System to ensure that the applications and submittal materials align with the capabilities and needs of the Tracking System. RGGI, Inc. shall develop the following specific application and submittal materials:

- RGGI, Inc. shall develop general consistency application materials, including application instructions (Model Rule section XX-10.1 through section XX-10.4).
- RGGI, Inc. shall develop category-specific consistency application materials, including application instructions, for each eligible offset project category (Model Rule subsection XX-10.3(b) and section XX-10.5). Consistency application forms shall call for required documentation in a format that will facilitate regulatory agency evaluation of the project against the Model Rule requirements.
- RGGI, Inc. shall develop monitoring and verification submittal forms, including submittal instructions, for each eligible offset project category (see Model Rule section XX-10.5 and section XX-10.7). Monitoring and verification report submittal forms shall call for required documentation in a format that will facilitate regulatory agency evaluation of the project against the Model Rule requirements. The materials shall be more specific than the Model Rule criteria outlined in Sections XX-10.5 and XX-10.7, with regard to required documentation.

IV. Model Offset Guidance Documents

RGGI, Inc. shall develop model generic and category-specific offset project guidance documents suitable for customization by the Department.

The model guidance developed by RGGI, Inc. shall be detailed and easily understandable by project developers (including small businesses or other parties that may lack experience in carbon offset markets) and by regulatory agency staff, regarding submittal requirements and evaluation of specific offset projects against the Model Rule requirements. Materials shall be designed to reduce project developer time in meeting submittal requirements, to the extent practicable, and regulatory agency staff time in reviewing projects.

The model guidance documents developed by RGGI, Inc. shall explain the intent and letter of the RGGI Model Rule provisions and address any ambiguities in the Model Rule provisions, or provisions that may require clarification as to how they apply to specific types of projects. Any interpretive material shall be consistent with the Model Rule criteria and shall be reviewed with the appropriate representatives of the Department and the participating states.

While the Model Rule offset provisions are very detailed, and the current eligible categories are limited, many different types of projects may be eligible under the existing Model Rule requirements. Therefore questions about the applicability of specific Model Rule requirements to individual offset projects are certain to arise. RGGI, Inc. shall identify project scenarios that address questions that are likely to arise in the course of the offset application and approval processes, based on the expertise of RGGI, Inc. staff, other offset program experience, and communication with the appropriate representatives of the Department and the participating states.

RGGI, Inc. shall develop the following specific guidance document materials:

- RGGI, Inc. shall develop a single, comprehensive model generic guidance document that provides an overview of Model Rule Subpart XX-10 and the process for application and approval of offset projects, submittal of monitoring and verification reports, and the award of offset allowances.
- RGGI, Inc. shall develop six (6) category-specific model guidance documents, for each of the eligible offset categories in the Model Rule. These shall explain, step-by-step, the process, including information submittal requirements and format, by offset category, for consistency applications, approval of offset projects, and submittal of monitoring and verification reports as required in Model Rule sections XX-10.3, XX-10.4, XX-10.5, and XX-10.7.

V. Accreditation Process and Training Program for Independent Verifiers of Offset Projects

RGGI, Inc. shall develop a process for the accreditation of independent offset project verifiers and a related training program, consistent with the requirements of Model Rule section XX-10.6, that can be customized and used by the Department in accrediting independent offset verifiers.

RGGI, Inc. shall develop a formalized accreditation process and training program for independent verifiers that meets the requirements of the RGGI Model Rule, including the following:

- A process for the accreditation of independent verifiers, including review of qualifications of candidate verifiers
- A process for evaluation of candidate verifier conflicts-of-interest (COI)
- A training course for candidate verifiers (including supporting training materials)
- Application materials for accreditation

RGGI, Inc. shall develop a formalized process that can be customized for use by the Department to support on-going Department review of potential verifier conflict-of-interest situations, including the following:

- Submittal forms for accredited verifier disclosure of potential COI information to be submitted and reviewed by regulatory agencies prior to the verifier engaging in work with an offset project developer
- Guidance materials to support regulatory agency staff review of COI

In developing these materials, RGGI, Inc. shall provide a review of existing greenhouse gas independent verifier accreditation standards and processes used by other voluntary and mandatory greenhouse gas management or regulatory programs, and incorporate, if appropriate, elements of these into the materials developed for the Department. RGGI, Inc. shall provide a brief evaluation of the standards and processes reviewed.

VI. Market Monitoring

RGGI, Inc. shall provide market monitoring services in three general areas: monitoring and auditing of

allowance auctions, monitoring of relevant secondary allowance market activity, and provision of consultative services addressing market monitoring.

VI-A. Monitoring and Auditing of RGGI Allowance Auctions

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

VI-B. Monitoring of Secondary Market Behavior

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

VI-C. Consultative Services

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

VII. Program Development Support

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

- Evaluation of additional offset categories
- Development of technical and policy recommendations related to specific CO₂ Budget Trading Program elements

VIII. Project Term

The project term is as stated in Article 6 of the contract.

IX. Project Reporting

RGGI, Inc. shall designate a Project Manager, who shall be the one point of contact with the Department. The Project Manager 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 work. The RGGI, Inc. Project Manager shall be responsible for all project reporting to the Department.

RGGI, Inc. shall submit quarterly progress reports every three months to the Department during the project term. These progress reports shall outline the status of progress in providing the deliverables specified in this scope of work, including identification of all completed/not completed work during the preceding three-month period for

every major task identified in the scope of work. 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 Department comments, and RGGI, Inc. shall submit a final report to the Department addressing all such comments.

In any area where deliverables will be provided, such deliverables, where deemed appropriate in consultation with the Department, shall be presented to the Department in draft form for review and ultimate approval by the Department.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

SIGNATURE PAGE

Agency Certification:

The State of Delaware, by the Secretary of the Department of Natural Resources and Environmental Control, without incurring any personal liability by reason of the execution hereof or anything herein contained, sets his hand to this Contract, on the last day and year so indicated.

STATE of DELAWARE

By: John A. Hughes (name)
Department of Natural Resources and Environmental Control (Agency)

Dated: April 17, 2008

STATE OF Delaware) SS.;
COUNTY OF Kent

On the 17 day of April in the year 2008 before me, the undersigned, a Notary Public in and for said State, personally appeared John A. Hughes personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individuals(s), or the person upon behalf of which the individual(s) acted, executed the document.

Casie R. Anthony
Notary Public





STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES
AND ENVIRONMENTAL CONTROL

OFFICE OF THE
SECRETARY

89 KINGS HIGHWAY
DOVER, DELAWARE 19901

PHONE: (302) 739-9000
FAX: (302) 739-6242

December 15, 2010

Mr. Jonathan Schrag
Executive Director
RGGI Inc.
90 Church St., 4th Floor
New York, NY 10007

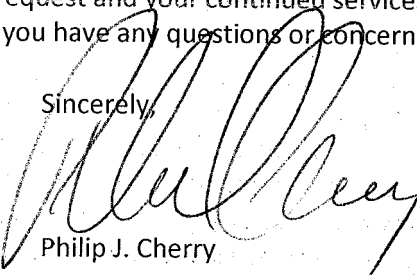
Dear Mr. Schrag:

Pursuant to Articles 2.2, 6.3, 7.4 and 15.2, I am writing today to authorize an extension of the Contract between RGGI Inc. and the Delaware Department of Natural Resources and Environmental Control and a revision to the Scope of Services. The contract extension shall be for one year, or until December 31, 2011. The revised and attached "Scope of Services in Support of Implementation of the CO2 Budget Trading Program" shall replace, in its entirety, the scope of services (formerly Attachment B) in our original contract dated April 17, 2008.

Article 3.1 of our contract which outlines payment sums and schedules for services rendered by RGGI Inc. is hereinafter considered null and void and replaced with our understanding that Delaware shall pay to RGGI Inc. \$77,870.94 for services in 2011. You are hereby authorized to withdraw one third of that total following the certification of each of the first three quarterly auctions scheduled for 2011, thereby receiving 100% of the amount owed to RGGI Inc. following the third scheduled auction of 2011. If additional services are requested, this amount may be increased by mutual agreement.

Thank you for your attention to this request and your continued services to the State of Delaware. Please don't hesitate to call me if you have any questions or concerns.

Sincerely,


Philip J. Cherry

Attachment

APPROVED



Delaware's Good Nature depends on you!

Regional Greenhouse Gas Initiative, Inc.

Scope of Services in Support of 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 Delaware Department of Natural Resources and Environmental Control (DNREC or Department) in supporting the State of Delaware’s participation in the Regional Greenhouse Gas Initiative (RGGI) and the implementation of regulations for the Delaware 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 signatories of the RGGI Memorandum of Understanding (the “participating states”), signed December 20, 2005, as amended.

Overview

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

- I. Operation of a regional CO₂ emissions and allowance tracking system, for use by the Department in administering the CO₂ Budget Trading Program in coordination with the counterpart programs in other participating states;
- II. Operation of a regional CO₂ allowance auction process and platform, for use by the Department in administering the 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;
- 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 on an as-requested basis, including but not limited to evaluation of additional offset categories; the development of technical and administrative recommendations related to specific CO₂ Budget Trading Program elements, for evaluation and consideration by the Department; electricity system modeling and macroeconomic analysis.

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 the recommended ASP and two alternatives, to the Department's Project Manager for approval. The successful subcontracted ASP will have acceptable plans, to be reviewed by both the Department and RGGI, Inc., for loss or disaster recovery and business continuance.

Emissions Data Processing

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

Offsets Module

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

The offsets module shall have the functionality to track and monitor offset project status details, such as the status of consistency applications and monitoring and verification submittals. This shall include capability to upload and manage application documents in the Tracking System, as well as provide for public access to project application and submittal materials and 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 shall include, but may not be limited to: account allowance transfer reports, account holdings reports, CO₂ emissions reports, offsets reports, and source compliance summary reports.

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

System and Database Support

RGGI, Inc. shall be responsible for all aspects of 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 the Department's Project Manager 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. CO₂ Allowance Auction Services and Platform

RGGI, Inc. shall implement and administer a process and platform for the auctioning of CO₂ allowances to support implementation of the auction component of the CO₂ Budget Trading Program ("program"). 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 the Department in draft form for review and approval by the Department. 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 Department staff 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 the Department, 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 auction notice 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 created, maintained, and hosted by RGGI, Inc. specifically dedicated to RGGI auctions. RGGI, Inc. shall prepare for, host, and

The project term is for the period beginning upon execution of a contract between the Department and RGGI, Inc. and December 31, 2011. The project term may be extended through a contract amendment.

VIII. Project Reporting

RGGI, Inc. shall designate a Project Manager, who shall be the primary point of contact with the Department related to the scope of services specified herein. The Project Manager shall be responsible for monitoring and ensuring progress for all tasks and subtasks, and for ensuring timely delivery of all deliverables outlined in the scope of services. The RGGI, Inc. Project Manager shall be responsible for all project reporting to the Department.

RGGI, Inc. shall submit biannual progress reports every six months to the Department during the project term. These progress reports shall outline the status of progress in providing the deliverables specified in the scope of services, including identification of all completed/not completed work during the preceding six-month period for every major task identified in the scope of services. These progress reports shall also note any problems encountered by RGGI, Inc. in the course of providing services specified herein 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 Department comments, and RGGI, Inc. shall submit a final report addressing all such comments.

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