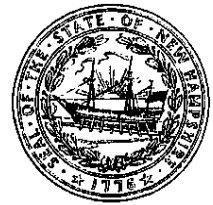




The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

November 19, 2008

His Excellency, Governor John H. Lynch
 and the Honorable Council
 State House
 Concord, New Hampshire 03301

APPROVED BY _____
 DATE 11/19/08
 ITEM # 110A

REQUESTED ACTION

- 1) Authorize the New Hampshire Department of Environmental Services (DES) to enter into a sole source contract with the Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.), (Vendor 135447) New York, New York, in the amount of \$396,376 to provide technical and administrative services for implementation of the New Hampshire Carbon Dioxide (CO₂) Budget Trading Program effective upon Governor and Council approval through December 31, 2010 with an option to extend to December 31, 2012. 100% CO₂ Trading funds.
- 2) Authorize advance payment to RGGI, Inc. in the full amount of the contract amount for each year in accordance with the terms of the contract.

Funds will be available in account RGGI, Inc., as follows with the authority to adjust encumbrances in each year of the State fiscal years through the Budget Office if needed and justified. Funds for FY 2010 are contingent upon continuing appropriations and availability of funds.

	<u>FY 09</u>	<u>FY 10</u>
010-044-9106-102 Contract for Program Services	\$237,826	\$158,550

EXPLANATION

Governor Lynch signed a Memorandum of Understanding (MOU) in 2005 with the governors of Maine, New Hampshire, Vermont, Connecticut, New Jersey New York and Delaware, later signed by the governors of Massachusetts, Rhode Island, and Maryland, to seek statutory and regulatory authority for implementation of a carbon dioxide (CO₂) cap and trade program known as the Regional Greenhouse Gas Program (RGGI). The MOU identified the CO₂ limits for each state, a time-table for emissions reductions, criteria for acceptable offsets, and other implementation guidelines.

RSA 125-O:19-28 authorizes DES to implement RGGI in accordance with the MOU. RGGI is a

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and the Honorable Council
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RGGI, Inc. costs. As indicated in the attached contract, New Hampshire will not be responsible for any RGGI, Inc. costs if adequate revenues are not generated by the sale of allowances.

This contract has been approved by the Office of the Attorney General as to form, execution and content.

We respectfully request your approval.



Thomas S. Burack
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT OF INFORMATION TECHNOLOGY
27 Hazen Dr., Concord, NH 03301
603-271-2843 1-800-852-3345 x2843
Fax: 603-271-1516 TDD Access: 1-800-735-2964

Richard C. Bailey, Jr.
Chief Information Officer

October 8, 2008

Thomas S. Burack, Commissioner
State of New Hampshire
Department of Environmental Services
29 Hazen Drive
Concord, NH 03301

Dear Commissioner Burack:

This letter represents formal notification that the Department of Information Technology (DoIT) has approved your agency's request to enter into a sole source contract with Regional Greenhouse Gas Initiative, Incorporated (RGGI, Inc.) of Boston, Massachusetts, Vendor Number 135447, as described below and referenced as OIT No. 2009-036.

This is a request to enter into a sole source contract for the implementation of the New Hampshire Carbon Dioxide (CO₂) Budget Trading Program including administration of a web-based tracking emission and allowance tracking system. The contract will be effective upon Governor and Council approval through December 31, 2010 with allowance for two one-year renewals. The amount of the contract is not to exceed \$396,376.

This project is set forth in the Department of Environmental Services Strategic Information Technology Plan dated October 18, 2005, Project Name: RGGI, Inc., Project Number 36.

A copy of this letter should accompany the Department of Environmental Services submission to the Governor and Executive Council for approval.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bailey, Jr.", written over the word "Sincerely,".
Richard C. Bailey, Jr.

RCB/efg
OIT 2009-036
RID 7541

cc: Chris Simmer, OIT Lead, Department of Environmental Services
Eileen Grimmer, IT Manager, OIT Logistics

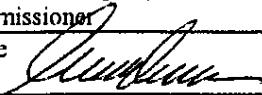
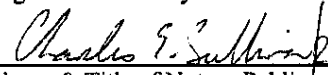
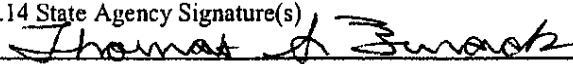
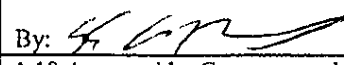
Subject:

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. Identification and Definitions

1.1 State Agency Name New Hampshire Department of Environmental Services		1.2 State Agency Address 29 Hazen Drive, Concord, NH 03301	
1.3 Contractor Name Regional Greenhouse Gas Initiative, Inc.		1.4 Contractor Address 90 Church Street, New York, NY 10007	
1.5 Account No. 010-044-9106	1.6 Completion Date December 31, 2010	1.7 Audit Date N/A	1.8 Price Limitation \$396,376
1.9 Contracting Officer for State Agency Thomas S. Burack, Commissioner		1.10 State Agency Telephone Number 603-271-3503	
1.11 Contractor Signature 		1.12 Name & Title of Contractor Signer Alexander B. Grannis, President	
1.13 Acknowledgment: On <u>24 SEPTEMBER 2008</u> , before the undersigned officer, personally appeared the person identified in block 1.12., or satisfactorily proven to be the person whose name is signed in block 1.11., and acknowledged that s/he executed this document in the capacity indicated in block 1.12. State of <u>NEW YORK</u> , County of <u>ALBANY</u>			
1.13.1 Signature of Notary Public or Justice of the Peace (Seal)  CHARLES E. SULLIVAN, JR. Notary Public, State of New York No. 4695830			
1.13.2 Name & Title of Notary Public or Justice of the Peace Qualified in <u>Rensselaer County</u> Commission Expires <u>10/30/2009</u>			
1.14 State Agency Signature(s) 		1.15 Name/Title of State Agency Signor(s) Thomas S. Burack, Commissioner	
1.16 Approval by Department of Personnel (Rate of Compensation for Individual Consultants) By: _____ Director, On: _____			
1.17 Approval by Attorney General (Form, Substance and Execution) By:  Assistant Attorney General, On: <u>10/31/08</u>			
1.18 Approval by Governor and Council By: _____ On: _____			
2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("the State"), engages contractor identified in block 1.3 ("the Contractor") to perform, and the Contractor shall perform, that work or sale of goods, or both, identified and more particularly described in EXHIBIT A incorporation herein ("the Services").			
3. EFFECTIVE DATE: COMPLETION OF SERVICES. 3.1 This agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Council of the State of New Hampshire approve this agreement, ("the Effective Date"), 3.2 If the date for commencement in Exhibit A precedes the Effective Date all services performed by Contractor between the commencement date and the Effective Date shall be performed at the sole risk of the contractor and in the event that this Agreement does not become effective, the State shall be under no obligation to pay the contractor for any costs incurred or services performed; however that if this Agreement becomes effective all costs incurred prior to the effective date shall be paid under the terms of this Agreement. All services must be completed by the date specified in block 1.6.			
4. CONDITIONAL NATURE OF AGREEMENT. Notwithstanding anything in this agreement to the contrary, all obligations of the State			

5. CONTRACT PRICE; LIMITATION ON PRICE; PAYMENT.

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in Exhibit B, incorporated herein.

5.2 The payment by the State of the contract price shall be the only, and the complete, reimbursement to the Contractor for all expenses, of whatever nature, incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by RSA 80:7 through 7-C or any other provision of law.

5.4 Notwithstanding anything in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made, hereunder exceed the price limitation set forth in block 1.3 of these general provisions.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS; EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to civil rights and equal opportunity laws. In addition, the vendor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap or national origin and will take affirmative action to prevent such discrimination.

6.3 If this agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States, access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants and conditions of this Agreement.

7. PERSONNEL

7.1 The performance of the Services shall be carried out by employees of the Contractor. The Contractor shall at its own expense, provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 The Contractor shall not hire, and shall permit no subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services, to hire any person who has a contractual relationship with the State, or who is a State officer or employee, elected or appointed.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final.

8. EVENT OF DEFAULT; REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Events of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule; or

8.1.2 failure to submit any report required hereunder; or

8.1.3 failure to perform any other covenant or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this agreement, effective two (2) days after giving the Contractor notice of termination; and

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the Contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor; and

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and

8.2.4 treat the agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA; ACCESS; CONFIDENTIALITY; PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulas, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 On and after the Effective Date, all data, and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by RSA 91-A or other relating law. Disclosure pursuant to a right to know request shall require prior written approval of the State.

10. **TERMINATION.** In the event of an early termination of this Agreement for any reason other than the completion to the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("the Termination Report") describing in detail all Services performed, and the Contract Price earned, to the including the date of termination. To the extent possible, the form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in EXHIBIT A.

11. **CONTRACTOR'S RELATION TO THE STATE.** In the performance of this agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, worker's compensation or other emoluments provided by the State to its employees.

12. **ASSIGNMENT, DELEGATION AND SUBCONTRACTS.** The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the State. None of the Services shall be delegated or subcontracted by the Contractor without the prior written consent of the State.

13. **INDEMNIFICATION.** The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this Agreement.

14. INSURANCE AND BOND.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, both for the benefit of the State, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per incident; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 of these general provisions, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 of this paragraph shall be the standard form employed in the State of New Hampshire, issued by underwriters acceptable to the State, and authorized to do business in the State of New Hampshire. Each policy shall contain a clause prohibiting cancellation or modifications of the policy earlier than 10 days after written notice thereof has been received by the State.

15. **WAIVER OF BREACH.** No failure by the State to enforce any provision hereof after any Event of Default shall be deemed a waiver of its rights with regard to that event, or any subsequent Event. No express failure of any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other default on the part of the Contractor.

16. **NOTICE.** Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, above.

17. **AMENDMENT.** This agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Council of the State of New Hampshire.

18. **CONSTRUCTION OR AGREEMENT AND TERMS.** This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns.

19. **THIRD PARTIES.** The parties hereto do not intend to benefit any third parties and this agreement shall not be construed to confer any such benefit.

20. **SPECIAL PROVISIONS.** The additional provisions set forth in EXHIBIT C hereto are incorporated as part of this Agreement.

21. **ENTIRE AGREEMENT.** This agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire agreement and understanding between the parties, and supersedes all prior agreements and understandings relating hereto.

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF ENVIRONMENTAL SERVICES
AIR RESOURCES DIVISION
CONTRACT 2009-036
SUPPORT OF NEW HAMPSHIRE'S IMPLEMENTATION OF THE CO₂
BUDGET TRADING PROGRAM**

**EXHIBIT A
SCOPE OF SERVICES**

- 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 New Hampshire 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 New Hampshire 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 New Hampshire 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

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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 New Hampshire 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.

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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 New Hampshire 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.

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II-A. Pre-auction Services

Consultation

RGGI, Inc. shall work with Department staff to develop a single standard allowance purchase and sales agreement, to the extent such an agreement is deemed necessary by the Department, 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

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III. Offsets Development

III-A. 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 rules promulgated by the Department 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.
- RGGI, Inc. shall develop category-specific consistency application materials, including application instructions, for each eligible offset project category. 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. 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.

III-B. Model Offset Guidance Documents

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RGGI, Inc. shall develop a process for the accreditation of independent offset project verifiers and a related training program 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 meet the requirements of rules promulgated by the Department, 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.

IV. Market Monitoring

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IV-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.

IV-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.

V. 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 New Hampshire 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 New Hampshire CO₂ Budget Trading Program elements

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.

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EXHIBIT A
SCOPE OF SERVICES

Tel: 646-591-8559
Email: jeschrag@gmail.com

5.2 STATE CONTRACT MANAGER

The State shall designate a Contract Manager who shall function as the State's representative with regard to Contract administration. This person is:

Joanne Morin
Air Resources Division
NH Department of Environmental Services
29 Hazen Drive
Concord, NH 03302-0095
Tel: 603-271-552-52
Fax: 603-271-1381
Email: Joanne.Morin@des.nh.gov

STATE OF NEW HAMPSHIRE
DEPARTMENT OF ENVIRONMENTAL SERVICES
AIR RESOURCES DIVISION
CONTRACT 2009-036
SUPPORT OF NEW HAMPSHIRE'S IMPLEMENTATION OF THE CO₂
BUDGET TRADING PROGRAM

EXHIBIT B
PAYMENT SCHEDULE

2.2 State of New Hampshire's Portion

TABLE 2: NEW HAMPSHIRE PORTION OF THE TOTAL PROGRAM COSTS:

New Hampshire Portion of Cost	FY 2009	FY 2010
I. Design and operation of a regional emissions and allowance tracking system (EATS),	26,449	17,633
II. Design and operation of an auction platform	26,793	17,862
III. Offset program Development	26,450	17,633
IV. Market monitoring services	13,740	9,160
V. Program development support services	144,394	96,262
Total Cost to New Hampshire	237,826	158,550

Notwithstanding any other provision of this Contract, in no event shall the total payment made by the State exceed \$396,376.

3. **PAYMENTS**

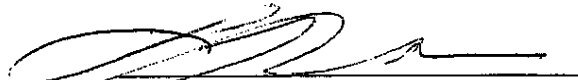
RGGI, Inc. shall invoice the State at the start of each fiscal year for that year's anticipated program costs. RGGI, Inc. may, however, invoice the State for fiscal year 2009 expenses as soon as the contract is approved by Governor and Council. The State shall pay RGGI, Inc. within thirty (30) calendar days of the State's receipt and acceptance of the invoice as correct and reasonable. Within sixty (60) calendar days of the end of each fiscal year, RGGI, Inc. shall document total program costs and New Hampshire's portion for the previous year. In the event that the funds given to RGGI, Inc. exceed actual program costs, RGGI Inc. shall, at the option of the State, either credit this excess to the next year's charges or refund this excess to the State.

CERTIFICATE OF VOTE

At a duly authorized meeting of the Board of Directors of REGIONAL GREENHOUSE GAS INITIATIVE INC (the "Company"), held JUNE 24th, 2008 it was VOTED that ALEXANDER "PETE" GRANNIS, the CHAIRMAN of the Company, be and hereby is authorized to execute contracts and bonds in the name of and on behalf of the Company; and such execution of any contract or obligation in the Company's name on its behalf by such officer under seal of the Company, shall be valid and binding upon this Company.

I hereby certify that I am the clerk of the Company and that ALEXANDER "PETE" GRANNIS is the duly elected officer as stated above of the Company. This vote has not been amended or rescinded and remains in full force and effect as of the date signed below.

7/16/08
Date


Clerk

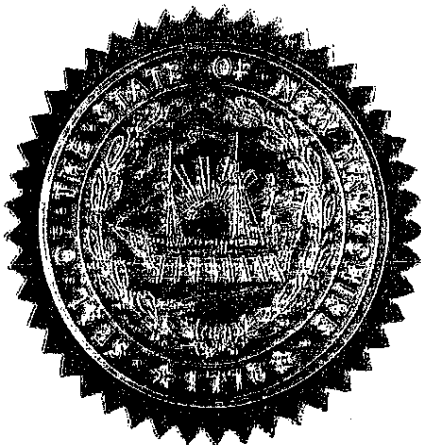
Corporate
Seal

LISA JACKSON
VICE-CHAIR,
RGGI, INC.

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Regional Greenhouse Gas Initiative, Inc., a(n) Delaware nonprofit corporation, registered to do business in New Hampshire on April 30, 2008. I further certify that it is in good standing as far as this office is concerned, having paid the fees required by law.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 14th day of May, A.D. 2008

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

Client#: 36071

RGGIINC

ACORD™ CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 10/03/08
PRODUCER HRH Northern New England 31 Court Street, PO Box 40 Auburn, ME 04212 207 783-2211		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
INSURED RGGI, Inc. 90 Church Street, 4th Floor New York, NY 10007		INSURERS AFFORDING COVERAGE NAIC # INSURER A: One Beacon Insurance 21970 INSURER B: National Union Fire Ins. Co 32220 INSURER C: INSURER D: INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	7100237200000	06/16/08	06/16/09	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMPIOP AGG \$2,000,000
A		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	7100237200000	06/16/08	06/16/09	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ GARAGE LIABILITY <input type="checkbox"/> ANY AUTO AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC AGG \$
B		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10000	BE6844968	06/16/08	06/16/09	EACH OCCURRENCE \$4,000,000 AGGREGATE \$4,000,000 WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 Proof of Insurance

CERTIFICATE HOLDER	CANCELLATION
State of New Hampshire Attn: Joanne Morin Dept of Environmental Services 29 Hazen Drive CONCORD, NH 00302	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>10</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE <i>Andre M. Scheler</i>

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

November 17, 2010

His Excellency, Governor John H. Lynch
and the Honorable Council
State House
Concord, New Hampshire 03301

APPROVED G & C
DATE 11/17/10
ITEM # Late Item D

REQUESTED ACTIONS

1. Authorize the New Hampshire Department of Environmental Services (DES) to exercise the option to amend and extend a **sole source** contract (PO# 101020) with the Regional Greenhouse Gas Initiative, Incorporated (RGGI, Inc), (VC# 168622) New York, New York, for continuation of the NH Carbon Dioxide (CO₂) Budget Trading Program, by (a) increasing the contract by an amount not to exceed \$117,816 (from \$396,376 to \$514,192); (b) extending the contract end date to December 31, 2011 from December 31, 2010 and; (c) changing the name of the State Contract Manager, effective upon Governor and Council approval through December 31, 2011. The original contract was approved on November 19, 2008 item #110A. 100% CO₂ Trading funds
2. Authorize advance payment to RGGI, Inc. in the full amount of the contract amount for 2011 in accordance with the terms of the contract.

Funds are available in the account as follows:

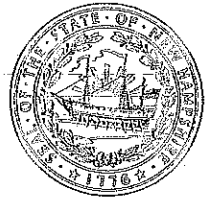
	<u>FY 11</u>
03-44-44-443010-9106-102- 500731	\$117,816
Dept of Environmental Services, NH CO ₂ Budget Trading Program, Contract for Program Services	

EXPLANATION

The reason for this **sole source** contract amendment and extension with RGGI, Inc. is to continue the CO₂ Budget Trading Program in accordance with RSA 125-O:19-28. This is a sole source contract because there is no other entity that can provide the necessary services to the State of New Hampshire. RSA 125-O enables DES to enter into an "arrangement with the representatives of other states, including the formation of a for-profit or non-profit corporation" to assist in the administration of RGGI. RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the CO₂ budget trading programs of the participating 10 states. Because RGGI, Inc. was formed to serve no other purpose than to administer the RGGI program on behalf of the participating states, it does not have any other source of operating revenues to develop and conduct all of the necessary administrative functions needed by New Hampshire to meet the requirements of RSA 125-O:19-28. The Commissioner of DES and a Commissioner of the Public Utilities Commission (PUC) serve on the Board of Directors of RGGI, Inc. The contract with RGGI, Inc. is for ongoing administration of the program in 2011. The amendment also designates a new state contract manager, who shall function as the State's representative with regard to contract administration.



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

November 17, 2010

His Excellency, Governor John H. Lynch
and the Honorable Council
State House
Concord, New Hampshire 03301

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03-44-44-443010-9106-102- 500731	\$117,816
Dept of Environmental Services, NH CO2 Budget Trading Program, Contract for Program Services	

EXPLANATION

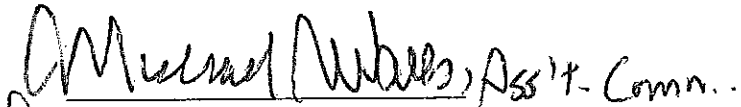
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*His Excellency, Governor John H. Lynch
and the Honorable Council
Page 2 of 2*

RSA 125-O:19-28 requires DES to sell a majority of New Hampshire's allowances in quarterly regional auctions. The sale of 5,747,163 allowances from the four quarterly auctions during the period December 2009 through September 2010 generated total revenues for New Hampshire of \$11,290,519. Approximately 6,000,000 of New Hampshire's allowances will be offered for sale in 2011. The proceeds will be placed in the RGGI Greenhouse Gas Emissions Reduction Fund administered by the PUC. A portion of the fund moneys are also used to pay for a regional organization to assist in the administration of RGGI. Each state has committed to paying its state's portion of RGGI, Inc.'s fees from the revenues generated from the sale of allowances. Total RGGI, Inc. expenses to extend the program by one year for all 10 participating states shall not exceed \$2,572,402. Given that New Hampshire's CO₂ emission budget is 4.58% of the total emission budget for all 10 participating states, New Hampshire will be responsible for 4.58% of the total expenses. Therefore, the expenses to New Hampshire shall not exceed \$117,816. As indicated in the original contract, New Hampshire will not be responsible for any RGGI, Inc. expenses if adequate revenues are not generated by the sale of allowances.

This contract amendment and extension has been approved by the Office of the Attorney General as to form, execution and content.

We respectfully request your approval.


for Thomas S. Burack, Ass't. Comm.
Commissioner

AMENDMENT #1

This Agreement (hereinafter called the "Amendment") by and between the State of New Hampshire acting by and through its Department of Environmental Services (hereinafter referred to as the "State"), and RGGI, Inc., at 90 Church Street, 4th Floor, New York, NY 10007 (hereinafter called the "Contractor").

WHEREAS, pursuant to an agreement (hereinafter called the "Contract"), approved by the Governor & Council on November 19, 2008, the Contractor agreed to perform certain services upon the terms and conditions specified in the Contract and in consideration of payment by the State of certain sums specified therein; and

WHEREAS, pursuant to the provisions of paragraph 17 of the Contract, the Contract may be amended, waived or discharged only by written instrument executed by the parties thereto; and

WHEREAS the Contractor and the State have agreed to amend the Contract in certain respects to accomplish the work required for the services;

NOW THEREFORE, in consideration of the foregoing, and the covenants and conditions contained in the Contract and set forth herein, the parties hereto do hereby agree as follows:

1.) Amendment and Modification of Contract:

The Contract is hereby amended as follows:

Increase Item 1.8 Price Limitation of the Agreement by \$117,816 from \$396,376 to \$514,192.

Amend Item 1.6 Completion Date by replacing December 31, 2010 with December 31, 2011.

Under Item 5.2 of Exhibit A, change the name of the State Contract Manager from Joanne Morin to Joseph Fontaine.

2.) Effective Date of Amendment:

This Amendment shall take effect upon the date of approval by the Governor and Executive Council of the State of New Hampshire.

3.) Continuance of Agreement:

Except as specifically amended and modified by the terms and conditions of this Amendment, the Contract, and the obligations of the parties there under, shall remain in full force and effect with the terms and conditions set forth therein.

IN WITNESS WHEREOF,

THE STATE OF NEW HAMPSHIRE
Department of Environmental Services

BY: Michael Daniels, Ass't. Comm.
for Thomas S. Burack, Commissioner

DATE: 11/10/2010

RGGI, INC.

BY: _____

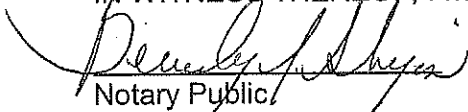
David Littell, President

DATE: _____

9 NOV 2010

On this 9th day of November, 2010, before the undersigned officer, personally appeared David Littell, and acknowledges himself to be the President of RGGI, Inc., who executed the foregoing instrument for the purposes therein contained.

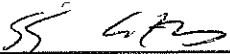
IN WITNESS THEREOF, I hereunto set my hand and official seal.


Notary Public

Name and Title of Notary Public

BEVERLY J. SHEJEN
Notary Public, Maine
My Commission Expires March 30, 2012

Approved by the ATTORNEY GENERAL this 10 day of November, 2010.


Assistant Attorney General

Approved by GOVERNOR AND COUNCIL this ____ day of _____, _____.