



**Regional Greenhouse Gas Initiative, Inc.  
Request for Proposals #14-02  
RGGI Auction Services**

**June 18, 2014**

**PROPOSAL DUE DATE: July 25, 2014, 5:00 P.M. Eastern Time**

The Regional Greenhouse Gas Initiative (“RGGI”) is a cooperative effort among the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont (“Participating States”) to cap and reduce power sector carbon dioxide emissions, and is the first mandatory, market-based CO<sub>2</sub> emissions reduction program in the United States. The Regional Greenhouse Gas Initiative, Inc. (“RGGI, Inc.”) is a 501(c)(3) non-profit corporation created to provide technical and administrative services to the Participating States in the development and implementation of RGGI.

Through this Request for Proposals (“RFP”), RGGI, Inc. intends to competitively select and contract with a firm to implement and administer quarterly CO<sub>2</sub> allowance auctions on behalf of the Participating States. At a minimum, the selected firm will be required to provide: **1) Pre-auction Services** including assistance in the creation of detailed auction procedures, notices, and qualification applications, the development and testing of auction software, the training of market participants, and the collection, management, and review of participant applications and financial securities; **2) Auction Implementation Services** including the administration of each auction, the development and implementation of auction monitoring protocols, and the collection of audit quality data for each auction; and **3) Post-auction Services** including the settlement of all financial transactions between participants, the validation of auction results, and the posting of appropriate auction results. More details about these required services are described within this document.

RGGI, Inc. anticipates entering into an agreement with the Contractor on the dates listed in Section IV of this RFP, or such later dates as determined by RGGI, Inc. and the Participating States. Interested bidders should read this document carefully.

Responses to this RFP must be received by RGGI, Inc. no later than **5:00 P.M. Eastern Time on July 25, 2014**. Late proposals will not be considered. A proposal that is conditional, incomplete, or containing any alterations of form or other irregularities of any kind will not be considered. Specific submission instructions are described within this document.

## **I. INTRODUCTION**

RGGI is a cooperative effort among the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont to cap and reduce power sector carbon dioxide emissions, and is the first mandatory,

market-based CO<sub>2</sub> emissions reduction program in the United States. RGGI, Inc. is a 501(c)(3) non-profit corporation created to provide technical and administrative services to the Participating States in the development and implementation of RGGI.

RGGI is composed of individual CO<sub>2</sub> Budget Trading Programs in each Participating State. Through these independent regulations, based on a Model Rule, each Participating State limits emissions of CO<sub>2</sub> from electric power plants, issues CO<sub>2</sub> allowances, and establishes participation in regional CO<sub>2</sub> allowance auctions.

A regulated power plant must hold CO<sub>2</sub> allowances equal to its emissions to demonstrate compliance at the end of each three-year control period. The second control period took effect on January 1, 2012 and extends through December 31, 2014. The vast majority of CO<sub>2</sub> allowances issued by the Participating States are distributed through quarterly, regional CO<sub>2</sub> allowance auctions. The first RGGI CO<sub>2</sub> allowance auction was held in September 2008 and to date twenty-four auctions have been held. Additional information about the auctions, including auction results, is available on the RGGI, Inc. website: [http://www.rggi.org/market/co2\\_auctions/results](http://www.rggi.org/market/co2_auctions/results).

In performing its duties, the Auction Services Contractor will be required to work with the RGGI, Inc. Market Monitor contractor and RGGI CO<sub>2</sub> Allowance Tracking System (RGGI COATS) contractor. The Market Monitor contractor provides independent expert monitoring of the competitive performance and efficiency of the RGGI CO<sub>2</sub> Allowance Market. RGGI COATS is the electronic platform that records and tracks data for each state's CO<sub>2</sub> Budget Trading Program.

## **II. OBJECTIVE**

Through this RFP, RGGI, Inc. intends to competitively select and contract with a firm to implement and administer quarterly CO<sub>2</sub> allowance auctions on behalf of the Participating States. This includes pre-auction services, auction implementation services, and post-auction services. RGGI, Inc. anticipates entering into an agreement with the selected proposer no later than December 31, 2014. The target date for the first auction under this contract is June 2015, with a release of the Auction Notice in April 2015.

## **III. TERM**

It is expected that the term of the agreement with the Contractor will be twenty-four months and thereafter may be extended for up to two additional 12-month terms upon mutual agreement.

## **IV. RFP SCHEDULE**

The dates listed below may be subject to change. Any changes will be posted at the RGGI, Inc. website: [www.rggi.org](http://www.rggi.org).



**Table 1: RFP Schedule**

<b>EVENT</b>	<b>DATE</b>
RFP Release	Wednesday, June 18, 2014
Notice of Intent to Propose Form Due	Thursday, July 3, 2014
Bidders' Conference Call	Tuesday, July 15, 2014
Proposal Submission Due Date	Friday, July 25, 2014, 5:00 PM ET
Notification of Award (if any)	October 2014
Contract Execution	November-December 2014
Auction Notice Release (first under this contract)	April 2015
Auction (first under this contract)	June 2015

A Bidders' Conference Call will provide interested firms an opportunity to seek clarification of the requirements of this RFP, to the extent practicable. To participate in the Bidders' Conference Call, RGGI, Inc. must receive a completed Notice of Intent to Propose Form (Attachment A to this RFP) no later than July 3, 2014. Conference call information will be provided by email to the designated contact listed on the Notice of Intent to Propose Form returned to RGGI, Inc.

All communications about the RFP solicitation process and schedule, as well as the Notice of Intent to Propose Form, should be directed to the following:

Lisa DeVito  
E-mail: [lisa.devito@rggi.org](mailto:lisa.devito@rggi.org) Phone: (212) 417-4062 Fax: (212) 417-4034

## **V. BACKGROUND**

Following a comprehensive 2012 Program Review, the RGGI states implemented a new 2014 RGGI cap of 91 million short tons. The RGGI CO<sub>2</sub> cap then declines 2.5 percent each year from 2015 to 2020. The RGGI CO<sub>2</sub> cap represents a regional budget for CO<sub>2</sub> emissions from the power sector. States sell nearly all emission allowances through auctions and invest proceeds in energy efficiency, renewable energy, and other consumer benefit programs. More details about RGGI can be found at: <http://www.rrgi.org>.

Any party can participate in the RGGI CO<sub>2</sub> allowance auctions, provided they meet qualification requirements, including provision of financial security. An Auction Notice for each auction is released at least 45 days before the date of the auction on the RGGI auction website [www.rrgi.org/market/co2\\_auctions/information](http://www.rrgi.org/market/co2_auctions/information). The Auction Notice provides the auction date and time, categories of eligible bidders, requirements for qualification, quantity of CO<sub>2</sub> allowances to be auctioned, and information and procedures for participation. It is recommended that all proposers review the latest



Auction Materials including the Auction Notice, Qualification Application, Intent to Bid, and Frequently Asked Questions document.

Upon approval by the Participating States of the outcome of an auction, and upon payment in full by each successful bidder, the Participating States transfer allowances from their applicable allowance accounts to the applicable RGGI COATS accounts held by successful bidders.

## **VI. SCOPE OF SERVICES**

The successful proposer will work under the direction of the RGGI, Inc. Executive Director and RGGI, Inc. Program Manager. The successful proposer will conduct ongoing auction implementation which includes auction preparation, administration and support as well as on going assessment.

### **A. Pre-auction Services**

**Consultation:** The successful proposer may be asked to provide general consultation to RGGI, Inc. on auction design elements and implementation. This may include consultation on auction procedures and auction rules.

**Notices:** The successful proposer is responsible for developing an Auction Schedule in concert with RGGI, Inc. The successful proposer works with RGGI, Inc. to update and release the Auction Documents for each auction. The Auction Documents include the Auction Notice, Qualification Application, Intent to Bid and Frequently Asked Questions. The Auction Documents at a minimum describe the auction format, the amount and allocation year of the allowances to be auctioned, the auction schedule, financial security requirements, qualification procedures, all applicable participation requirements and documents, and identification of the proposer's designated contact person for provision of further information to prospective qualified bidders.

The successful proposer will also be required to prepare for, host and facilitate at least one bidders' conference call prior to each auction, which should include an option for bidders to call in, as well as receive and respond to written questions submitted by bidders.

**Bidder Qualification:** The successful proposer will be required to maintain all qualification application materials and documents and to manage, under the direction of RGGI, Inc., the application process, including receiving and reviewing each qualification application to determine completeness and accuracy of the information submitted. The successful proposer must also provide for an application resubmission process to remediate corrections. The successful proposer will be responsible for collecting and managing all auction financial security payments and/or escrow accounts. The successful proposer will be responsible for notifying bidders of their qualification status and maintaining a database of all qualified bidders. The successful proposer will be responsible for presentation of applicant materials to the Participating States and facilitation of the state approval process.

Auction Documentation and Training: To prepare for the auction, the successful proposer will be responsible for the creation and distribution of auction materials such as participation instructions, final auction procedures and manuals, as well as the distribution of user codes and passwords to qualified bidders. In addition, the successful proposer will be responsible for training participants and bidders on the use of the auction platform.

### **B. Auction Implementation Services**

The successful proposer will be responsible for providing and administering an online auction platform capable of accommodating an auction in sealed bid, uniform price format; a single round sealed-bid auction in which bidders may submit multiple bids at different prices; the price paid by all awarded bidders would be uniform. The auction platform should be able to support the use of a Cost Containment Reserve (“CCR”). The CCR is a limited number of allowances that, under certain circumstances will also be offered for sale. The auction platform should be able to accommodate modifications to the auction format, including but not limited to, hosting a single auction or two sequential auctions occurring on the same day.

Furthermore, the online auction platform must be capable of managing bid limitations based on specifications provided by RGGI, Inc., such as the percentage of allowances offered for which an auction participant may bid or a set minimum reserve price for which bids will be accepted. Such platform must be capable of tracking bidding activity and must provide for audit level documentation of such activity, in accordance with auction monitoring protocols. The successful proposer monitors the auction along with the independent market monitor. The successful proposer responds to bidders during the auction and provides bidders with contact information for the RGGI, Inc. independent market monitor.

### **C. Post-auction Services**

Auction Certification: The Participating States certify the outcome of each auction, and engage an independent Market Monitor to observe the conduct and outcome of each auction and provide certification opinions to the Participating States as to the integrity of each auction and the results thereof. The successful proposer develops materials to facilitate states’ review and approval of the auction.

Upon approval by the Participating States of the outcome of an auction, and upon payment in full by each successful bidder, Participating States transfer from their applicable allowance accounts the corresponding CO<sub>2</sub> allowances to the successful bidders’ accounts.

The successful proposer must arrange for and facilitate the transfer of funds from successful bidders to an account designated by each Participating State and arrange for the return of security to bidders. The successful proposer will also be responsible for coordinating with the administrator of RGGI COATS for the transfer of allowances to the compliance or general accounts of the winning bidders. The successful proposer will be required to: (1) work with any independent third party hired by RGGI, Inc. or a Participating State to verify the results of the auction including potential redress; (2) if



directed by RGGI, Inc., to post appropriate information about auction results; and (3) to work with RGGI, Inc. to use ongoing auction experience to continuously improve subsequent auctions.

#### **D. Management of Confidential Information**

The Auction Services Contractor will develop, subject to direction from RGGI, Inc., a protocol for management of confidential auction information.

#### **E. Reports**

The successful proposer provides a series of reports to RGGI, Inc. on platform performance and the successful proposer's activities.

**Security Certification:** the successful proposer will provide certifications that it continues to meet or exceed security standards. The memo includes but is not limited to, documentation of ongoing security practices implemented during the year and summarizes quarterly auction platform performance by reviewing the results of the auction platform monitoring.

**Quarterly Reports:** the successful proposer will provide quarterly reports to RGGI, Inc. summarizing the activities undertaken by successful proposer during the corresponding quarter.

### **VII. PROPOSAL SUBMISSION INSTRUCTIONS**

To participate in the Bidders' Conference Call, RGGI, Inc. must receive a completed Notice of Intent to Propose Form (Attachment A to this RFP) no later than July 3, 2014. Call-in information and the time of the call will be provided to the designated contact listed on the Notice of Intent to Propose Form at least one day prior to the call.

To be considered for an award, bidders must submit one (1) completed hard-copy proposal by mail to the address below:

Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.)  
Attn: Lisa DeVito  
90 Church Street, 4<sup>th</sup> Floor  
New York, NY 10007

Bidders may also optionally submit an electronic copy of the proposal in addition to the required hard copy version of the proposal to the email address below. Questions about the solicitation process, as well as the Notice of Intent to Propose Form, should be directed to:

Lisa DeVito  
E-mail: [lisa.devito@rggi.org](mailto:lisa.devito@rggi.org)  
Phone: (212) 417-4062

**Proposals must be received by RGGI, Inc. at the mailing address above no later than 5 P.M. Eastern Time on July 25, 2014.** Late proposals will not be considered. A





proposal that is conditional, incomplete, or containing any alterations of form or other irregularities of any kind will not be considered.

RGGI, Inc. may modify the RFP up to the specified submission date by issuing an addendum which will be posted to the RGGI, Inc. website.

## **VIII. PROPOSAL REQUIREMENTS**

The proposal must contain the following components, information and documents outlined below.

### **A. Proposal Submission Requirements**

All responses submitted as part of this RFP solicitation process become the property of RGGI, Inc. Bidders will not be reimbursed by RGGI, Inc. for any costs associated with the preparation of their proposals. Proposals must be double-sided. A page is considered one side of an 8-1/2" x 11" piece of paper and the font size shall not be smaller than 11 point.

Each proposal must be organized in clear distinguishable sections as listed below and shall contain the following:

#### **1) Cover Letter (1 page)**

Bidders shall submit a cover letter on company letterhead that references RFP #14-02. The cover letter should summarize the bidder's ability to perform the requested scope of services. The cover letter must be signed by a representative possessing the authority to enter into a contract with RGGI, Inc. Bidders are permitted to propose a team arrangement with subcontractors if such an arrangement would offer complementary expertise and services in providing the services requested. Should subcontracting arrangements be proposed, a similar cover letter from each subcontractor must also be submitted. Letters from subcontractors must be attached to the proposal and include the same information included in the bidder's cover letter.

#### **2) Table of Contents (1 page)**

#### **3) Body of Proposal**

The body of the proposal must include the following sections.

##### **Section A. Overall Experience and Capabilities (3-5 pages)**

Identify and describe the company or organization that will be the primary contractor under this RFP. Identify any subcontractors. Bidders must describe their expertise and ability as a team/firm to deliver the requested services. This should include the aggregate number of years working in this area and a brief summary of at least two (2) and no more than four (4) similar projects. The project descriptions should specify the level of involvement of the proposing firm, the approach used to conduct the services, the objectives of the project, the deliverables provided, and the relative success of the project in achieving the objectives. For at least two (2) of the projects mentioned,



Bidders must include customer contact names and phone numbers as the references in Section VIII.3.C below.

**Section B. Personnel and Qualifications** (1-2 pages)

List and describe any personnel, teams, and subcontractors. Clearly identify the project manager and each individual's role in providing the requested services. Describe past relationships with team members and subcontractors. Include an organizational chart, if necessary. Describe the accomplishments, experiences, and expertise of the individuals comprising the proposing team relevant to this RFP. The bidder shall not be permitted to substitute key members of the project team without prior written approval of RGGI, Inc.

**Section C. References** (1-2 pages)

Provide at least two (2) and no more than three (3) references of work for clients performed within the last three (3) years by using the Bidder References Form (Attachment B to this RFP). Submission of this Bidder References Form is mandatory.

**Section D. Technical Proposal** (up to 15 pages)

Describe your approach for providing the pre-auction, auction implementation, and post-auction services requested in this RFP. Provide a work plan with specific tasks that the proposal team will undertake to achieve these services and the associated timeline for such tasks, in weeks. In writing each task, indicate who will perform it (e.g., primary contractor, subcontractor, etc.), how it will be performed, and anticipated results. Describe the work to be performed under each task in clear, concise, action-oriented sentences. Use the following phrase to start each sentence: "The (insert name of proposing firm) shall..."; and clearly indicate the scope of work to be performed. Proposers must also identify any and all deliverables for each task.

Describe the software platform that will be employed. Should modifications to an existing platform be required, describe the base system and the proposed modifications. Provide a description of the functions, user interface and access capabilities, reporting capabilities, security features, auditing and documentation features, and other relevant functions. Provide the maximum number of users and bidders that the platform can accommodate. Provide screen shots if necessary. Describe how adaptable your auction capabilities are to accommodate changes to the auction format that may be employed.

Please elaborate on your specific approach for dealing with any pre-auction, auction implementation, or post-auction services or tasks that were not mentioned above.

**Section E. Cost Proposal**

Payment will be made as a flat fee for services rendered. Cost proposals must be organized and presented as not-to-exceed costs for:

1. The initial auction
2. Each subsequent auction

For both the initial auction and each subsequent auction, cost proposals must be broken down and presented in line-item fashion for each component (software and materials,





etc.). Cost proposals should include any fees to manage auction financial security payments and related accounts.

### **Section F. Appendices**

As Appendix A to the proposal, include one- to two-page résumés for each individual listed in Section 3.B of the proposal.

As Appendix B to the proposal, provide a copy of your standard service agreement.

## **IX. PAYMENT**

For the initial auction, the successful proposer will be paid 40% of its cost proposal within 30 days of RGGI, Inc.'s approval and acceptance of all final auction notices, prequalification application documents, auction participation documents, and successful testing of the auction platform. The remaining 60% will be paid within 30 days of the completion of the initial auction.

For all subsequent auctions, the successful proposer will be paid 100% of its cost proposal for subsequent auctions within 30 days of the completion of such auction.

## **X. EVALUATION OF PROPOSALS**

### **A. Administrative Evaluation**

Proposals will be evaluated for completeness and to ensure the proposals and bidders meet minimum requirements of the RFP. Specifically, each proposal will be reviewed to ensure:

- The proposal and all materials were received by the date and time specified in the RFP;
- The proposal contains all required documents; and
- The proposal meets the format requirements specified.

In addition to the items above, the proposal must be compliant with solicitation requirements without material deviation from the terms and conditions of the proposed contract. A proposal that would materially change the terms and conditions of the contract will be considered as non-responsive.

The bidder will also be reviewed to evaluate if the bidder is a qualified bidder based on the bidder's experience, facilities, reputation, financial resources, and other factors that may affect the bidder's ability to carry out the scope of services at the time the contract is awarded. If the bidder is found to be not a qualified bidder, the proposal will be rejected. As a part of this process, RGGI, Inc. may require the bidder to submit additional information regarding their qualifications as necessary.

## **B. Technical Evaluation**

A Technical Evaluation Panel (“TEP”) will review and score each proposal. The TEP will consist of representatives of RGGI, Inc., representatives of the Participating States, and may also consist of professional outside reviewers. A final ranking will be determined based on the scores and analyses developed by the TEP. The TEP will evaluate proposals by utilizing a point-based system based on the following criteria:

- Demonstrated an understanding in the scope of services requested in this RFP as presented in the technical proposal;
- Demonstrated experience and capability in providing the services requested;
- Quality and relevance of previous work as evidenced by sample projects and references;
- Reasonableness of the cost proposal;
- Qualifications and expertise of the personnel/team;
- Clear identification of staff that will be assigned to various tasks of the scope of services; and
- Other programmatic and management factors deemed appropriate by the TEP.

RGGI, Inc. may request further information from any bidder or request an interview as a part of the evaluation process.

## **XI. GENERAL CONDITIONS**

**Conflicts** – The proposing firm, its principals, subcontractors, and any personnel of the firm must be free from any financial or similar interest in any product or service which may conflict with or appear to conflict with the objectivity of the services provided to RGGI, Inc. Please describe all product, manufacturer, or service-related affiliations. If any affiliations exist, the bidder must provide a statement verifying these affiliations do not and will not conflict with or appear to conflict with the bidder’s ability to provide objective services to RGGI, Inc. Non-disclosure of any affiliation may result in rejection of the proposal submitted or in the termination of a contract, if awarded.

**Contract Award** – A final decision on the award of a contract will be made by RGGI, Inc. RGGI, Inc. anticipates making a single award under this solicitation. It may award a contract based on initial proposals without discussion, or following limited discussion or negotiations. The final scope of services and work plan as defined in the technical proposal shall be adopted into a contract between RGGI, Inc. and the Contractor.

**Limitation** – This solicitation does not commit RGGI, Inc. to award a contract, pay any costs incurred in preparing a proposal, or to procure or contract for services or supplies. RGGI, Inc. reserves the right to accept or reject any or all proposals received, to negotiate with all qualified sources, or to cancel in part or in its entirety the solicitation when it is in RGGI, Inc.’s best interest.

**Disclosure Requirement** – The bidder shall disclose any indictment for any alleged felony, or any conviction for a felony within the past five years, under the laws of the



United States or any state or territory of the United States, and shall describe circumstances for each. When a bidder is an association, partnership, corporation, or other organization, this disclosure requirement includes the organization and its officers, partners, and directors or members of any similarly governing body. If an indictment or conviction should come to the attention of RGGI, Inc. after the award of a contract, RGGI, Inc. may exercise its stop-work right pending further investigation, or terminate the agreement; the Contractor may be subject to penalties for violation of any law which may apply in the particular circumstances.

Bidders must also disclose if they have ever been disbarred or suspended by any agency of the U.S. Government or by any jurisdiction within the Participating States.

**XII. ATTACHMENTS**

Attachment A – Notice of Intent to Propose Form

Attachment B – Bidder References Form



**ATTACHMENT A - NOTICE OF INTENT TO PROPOSE**  
**Request for Proposals #14-02 – RGGI, Inc.**  
**Auction Services**

To ensure participation in the Bidders' Conference Call, this form must be returned to RGGI, Inc. no later than July 3, 2014.

Submit forms via fax, email, or mail to:

Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.)  
Attn: Lisa DeVito  
90 Church Street, 4<sup>th</sup> Floor  
New York, NY 10007  
Phone: (212) 417-4062  
Fax: (212) 417-4034  
E-mail: [lisa.devito@rggi.org](mailto:lisa.devito@rggi.org)

Date: \_\_\_\_\_

Company Name: \_\_\_\_\_

Designated Contact: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip +4: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_



**ATTACHMENT B – Bidder References Form  
Request for Proposals #14-02 – RGGI, Inc.  
Auction Services**

Each proposal must provide at least two (2) and no more than three (3) references for work conducted in the past five (5) years related to the goals and objectives outlined in this RFP. Submission of this attachment is required for your proposal to be considered complete.

<b>Reference 1 (Required)</b>	
Name of Company/Organization:	
Year(s) of Services Provided:	
Street Address: (Including City, State, and Zip Code)	
Name of Contact Person:	
Phone Number of Contact Person:	
E-mail Address of Contact Person:	
Cost of Service(s):	
Brief Description of Services Provided:	
<b>Reference 2 (Required)</b>	
Name of Company/Organization:	
Year(s) of Services Provided:	
Street Address: (Including City, State, and Zip Code)	
Name of Contact Person:	
Phone Number of Contact Person:	
E-mail Address of Contact Person:	
Cost of Service(s):	
Brief Description of Services Provided:	



<b>Reference 3 (Optional)</b>	
Name of Company/Organization:	
Year(s) of Services Provided:	
Street Address: (Including City, State, and Zip Code)	
Name of Contact Person:	
Phone Number of Contact Person:	
E-mail Address of Contact Person:	
Cost of Service(s):	
Brief Description of Services Provided:	