Regional Greenhouse Gas Initiative, Inc.

Scope of Services in Support of Connecticut’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 Connecticut Department of Environmental Protection ("Department") to support the State of Connecticut’s participation in the Regional Greenhouse Gas Initiative ("RGGI") and the implementation of regulations for the Connecticut CO₂ Budget Trading Program. RGGI, Inc., a non-profit organization incorporated in the State of Delaware, was formed expressly to provide technical implementation and program development support services to the ten state signatories ("Signatory States") of the RGGI Memorandum of Understanding ("MOU"), signed December 20, 2005, as amended.

Overview

RGGI, Inc. will provide the following services to support the development, implementation, and ongoing administrative needs of the Connecticut CO₂ Budget Trading Program:

I. Design and operation of a regional emissions and allowance tracking system ("EATS"), for use by the Department in administering the Connecticut CO₂ Budget Trading Program and the counterpart programs in other participating states;

II. Design, implementation and operation of a regional allowance auction platform, for use by the Department¹ in administering the Connecticut 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 Connecticut CO₂ Budget Trading Program;

IV. Development of generic and category-specific guidance documents detailing the requirements for offset projects under CO₂ Budget Trading Program, suitable for use by the Department to support administration of the offsets component of the Connecticut CO₂ Budget Trading Program;

V. Development and operation of an accreditation process for the accreditation of independent verifiers of offset projects, suitable for use by the Department to support...

¹ RGGI, Inc. providing this service on behalf of Connecticut, and receiving payment for such service from Connecticut, is contingent upon the passage of legislation in authorizing Connecticut to contract with RGGI, Inc. for such services.
administration of the offsets component of the Connecticut CO₂ Budget Trading Program

VI. Market monitoring services for monitoring allowance auction conduct, auction outcomes and the secondary allowance market;

VII. Administrative, transitional, and program development support services on an as-requested basis.

I. Emissions and Allowance Tracking System

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

I-A. Program and Systems Development and Deployment

- **Program Development**: RGGI, Inc. shall develop an overall program implementation plan.

- **Tracking Data System Requirements**: 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 Connecticut 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, which 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) publicly post appropriate information about the Tracking System, when directed by the Department to do so; and (3) 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 each participating state. 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:** 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. 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 Connecticut 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:** 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:** 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 Connecticut 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. RGGI, Inc. shall prepare draft and final compliance reports 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. As necessary, RGGI, Inc. shall provide assessments and recommendations relating to performance of the system based on the technical support levels and user feedback.

- **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.
II-A. Pre-auction Services

- **Consultation**: RGGI, Inc. shall work with Department staff to develop a draft standard allowance purchase and sales agreement that is comparable to those developed by other participating states. In addition, RGGI, Inc. may be asked to provide general consultation to the Department on auction design, including but not limited to, auction activity and 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, though 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**: 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; and an ascending price, multiple-round auction.

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 operator 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) post appropriate information about auction results, if directed by the Department; and (3) use ongoing auction experience to continuously improve subsequent auctions.

III. Model Offset Consistency Applications and Monitoring and 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. 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:

- General consistency application materials, including application instructions (Model Rule section XX-10.1 through section XX-10.4);

- 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;

- 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 require documentation of a greater specificity that that outlined in Sections XX-10.5 and XX-10.7 of the Model;
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 guidance documents shall be detailed and easily understandable by project developers and by regulatory agency staff.

The model guidance documents shall explain the intent and letter of the RGGL 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.

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 RGGL, 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:

- 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.

- 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 RGGL Model Rule, including the following:

- Review of qualifications of candidate verifiers;
- Evaluation of candidate verifier conflicts-of-interest ("COI");
- Training course for candidate verifiers (including supporting training materials); and
- 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 COI situations, including the following:
- Submittal forms for accredited verifier disclosure of potential COI information; and
- 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. will 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. will provide professional monitoring of all RGGI regional allowance auctions. RGGI, Inc. will develop data collection methods, metrics, and analytic techniques for monitoring auction performance and thresholds for identifying 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. will monitor all relevant publicly available data and indicators of market behavior (available through both public and private sources) 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. will provide expert advice to the Department regarding the auction process and potential alterations that could improve the performance and efficiency of the
RGGI auctions and ensure the functioning of a fair and competitive primary (auctions) and secondary allowance market.

VII. Administrative, Transitional, and Program Development Support

RGGI, Inc. shall provide administrative and transitional support for Connecticut’s participation in the regional efforts to develop and establish a CO2 cap-and-trade program as outlined in the RGGI MOU. In addition, RGGI, Inc. shall provide program development support to the Department on an as-requested basis to facilitate Department consideration of potential modifications to and/or expansion of the Connecticut CO2 Budget Trading Program.

VIII. Budget

Connecticut’s share of the services and deliverables specified in sections I. and III. through VII. shall be $90,097. This total includes the Department’s contribution to support services that may be provided jointly to the Department and agencies in other RGGI participating states. The Department shall provide such funds to RGGI, Inc. upon execution of the contract.

Connecticut’s share of the services and deliverables specified in section II. shall be $56,900. The Department’s utilization and payment of such services is contingent upon the adoption of Connecticut legislation allowing the Department to contract directly with RGGI, Inc. for said services. Upon passage of said legislation, the Department shall provide such funds to RGGI, Inc.

Connecticut’s future share of services and deliverables will be determined annually, based on administrative needs, program development and individual state participation in the program.

IX. Project Term

The project term is for the period beginning upon execution of this purchase order and June 30, 2009. The project term may be extended annually through the execution of a new purchase order.

X. Termination

If at any time Connecticut is no longer a Signatory State, then RGGI, Inc. will not be obligated to provide Connecticut with the services hereunder.
XI. Property

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.

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

XII. 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 services. The RGGI, Inc. Project Manager shall be responsible for all project reporting to the Department.

RGGI, Inc. shall submit quarterly progress reports 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 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 addressing all such comments.
State of Connecticut - Agency Vendor Form

Important: All parts of this form must be completed, signed, and returned by the vendor.

Read & Complete Carefully

Complete Vendor Legal Business Name

Regional Greenhouse Gas Initiative, Inc.

Business Name, Trade Name, Doing Business As (If Different From Above)

Business Entity: ☐ Corporation ☐ LLC Corporation ☐ LLC Partnership ☐ LLC Single Member Entity

Note: If individual/sole proprietor, individual's name (as owner) must appear in the legal business name block above.

Business Type: A. Sale of Commodities  B. Medical Services  C. Attorney Fees  D. Rental of Property

6. Other (Describe in Detail): Provide services to support Connecticut's CO2 budget trading program.

Under this TIN, what is the primary type of business you provide to the state? (Enter Letter from above) → A

Under this TIN, what other types of business must you provide to the state? (Enter Letter from above) →  

Note: If your Business is a Partnership, you must attach names and titles of all partners to your bid submission.

Note: If your Business is a Corporation, in which State are you incorporated?  

Vendor Address

90 Church Street
New York NY 10007

Vendor E-mail Address

Vendor Web Site

www.rggi.org

Remittance Information: Indicate below the remittance address of your business: ☐ Same as Vendor Address Above.

Remit Address

Vendor E-mail Address

Vendor Web Site

www.rggi.org

Contact Information: Name (Type or Print)

Last Name

First Name

1st Business Phone: (510) 433-4250  Ext #:  

2nd Business Phone: (510) 433-4250  Ext #:  

Cellular: (510) 433-4250  1st Pager:  

Fax #:  

Toll Free Phone:  

2nd Fax #:  

Telex:  

Written Signature of Person Authorized to Sign Proposals on Behalf of the Above Named Vendor:  

Sign Here

Date Executed: APR 16 2008

Types or Print Name of Authorized Person

Alexandra Grundy

Title of Authorized Person

Chair

Is your Business Currently a DAS Certified Small Business Enterprise? ☐ Yes (Attach copy of Certificate) ☐ No

If you are a State Employee, indicate your Position:

Agency & Agency Address

For Purchase Order Distribution: 1) Check only one box below 2) Input e-mail address or Fax #: (If checked)

☐ E-mail

☐ Fax

☐ USPS Mail

☐ EDI

If EDI was selected, give us a person to contact in your company to set up EDI:

Name:

E-mail Address:

Telephone Number:

For Request for Quotation (RFQ) Distribution: 1) Check only one box below 2) Input e-mail address or Fax #: (If checked)

☐ E-mail

☐ Fax

☐ USPS Mail

Add further business address, e-mail & contact information on separate sheet if required.
State of Connecticut
Purchase Order

Purchase Order
Date
DEPM-0060068979 02/14/2019
Revision
Page
1

Payment Terms
Freight Terms
Ship Via
Due Now
POB Destination, Fzt Prepaid
Common
Buyer
Phone
Currency
DEP-Mangiafico Michael 860/418-9904 USD

Ship To:
DEEP NEW BRITAIN
10 Franklin Square
New Britain CT 06051
Attn: DEP-Walford Kim

Bill To:
Accounts Payable
DEEP.AccountsPayable@ct.gov
79 Elm Street
Hartford CT 06106

Tax Exempt ID: 060000798DEP

Replenishment Option: Standard

Lin-Schd  Original  Change  Total  UOM  Original Price  Price Change  New Price  Extended Amount
1  1  1  0  1  EA  137,654.18  0.00  137,654.18  137,654.18

Vndr#  Mfg#

Description
CT's 6.47% share of RGGI's Total Due Date 02/14/2019
2019 program and operating Costs

Item Total  137,654.18

Total PO Amount  137,654.18

The Total Obligation  137,654.18

For time period 01/25/2019 to 06/30/2019

The State Comptroller certifies that this order has been approved, recorded, and available funds have been reserved.

Final Approver: DEP-Mangiafico Michael