

MEMORANDUM OF AGREEMENT
BETWEEN
RGGI, INC
AND THE
MAINE DEPARTMENT OF ENVIRONMENTAL PROTECTION

I. TERMS OF AGREEMENT

Regional Greenhouse Gas Initiative, Inc. (“RGGI, Inc.”) will provide program implementation and program development services, as outlined in this Memorandum of Agreement, to the Department of Environmental Protection to support the State of Maine’s participation in the Regional Greenhouse Gas Initiative (RGGI) and the implementation of regulations for the Maine CO₂ Budget Trading Program. RGGI, Inc., a non-profit organization incorporated in the State of Delaware, was formed expressly to provide technical implementation and program development support services to signatories of the RGGI Memorandum of Understanding (the “participating states”), signed December 20, 2005, as amended.

Overview

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

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

development of technical and policy recommendations related to specific CO₂ Budget Trading Program elements, for evaluation and consideration by the Department.

Emissions and Allowance Tracking System

RGGI, Inc. shall provide services to support emissions and allowance tracking for the Maine CO₂ Budget Trading Program. In any area where services are requested, all deliverables, where deemed appropriate in consultation with the Department, shall be presented to the Department in draft form for review and approval by the Department.

Tracking System Requirements

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

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

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

CO₂ Emissions Data

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

Tracking System Deployment

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

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

Tracking System Hosting

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

Emissions Data Tracking and Processing

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

Offsets Module

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

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

Tracking System Reports

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

Program Operation

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

CO₂ Allowance Program Management

RGGI, Inc. shall provide 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 resolutions, and all contacts with industry representatives.

Reconciliation (True-up)

RGGI, Inc. shall assist the Department in assessing compliance of affected sources with the Maine CO₂ Budget Trading Program. The Tracking System shall support data entry of compliance certifications required by the program and the identification of CO₂ allowances to be deducted during the compliance process. The Tracking System shall provide for the preparation of draft and final compliance reports and will provide information to 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 the performance of the system based on technical support levels and user feedback. RGGI, Inc. shall not be responsible for interpretation of the Department's regulations, and/or interpretation of actions taken by the Department in enforcement of those regulations.

System and Database Support

RGGI, Inc. shall be responsible for all aspects of the Tracking System maintenance and database support and management. This shall include database initialization and setup, ongoing database quality assurance activities, management of all user accounts and security, coordination and monitoring of the Application Service Provider support activities, database, security, application performance, and all other tasks required to ensure high system availability and

performance. RGGI, Inc. shall provide reports to 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.

Allowance Auction Platform

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

Pre-Auction Services

Consultation

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

Auction Notices

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

Participant Qualification

RGGI, Inc., in consultation with the Department, shall assist in the development of all qualification application materials and documents and 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 all auction financial security submissions and/or escrow accounts on behalf of the Department. RGGI, Inc., in consultation with the Department, shall be responsible for notifying bidders of their qualification status and auction specific participation status and maintaining a database of all qualified parties and bidders approved to participate in each auction.

Auction Documentation and Training

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

Auction Implementation Services

Auction Platform

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

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

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

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 the operation of the Tracking System for the transfer of CO₂ allowances awarded at each auction at the direction of the Department, to the Tracking System compliance or general accounts of the winning bidders. RGGI, Inc. shall also be required to: (1) work with any independent third party hired by the Department to verify the results of the auction, (2) if directed by the Department, to post appropriate information about auction results; and (3) to work with the Department to use ongoing auction experience to continuously improve subsequent auctions.

Market Monitoring

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

Monitoring and Auditing of Allowance Auctions

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

Monitoring of Secondary Market Behavior

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

Consultative Services

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

Program Development Support

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

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

Project Reporting

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

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

II. BUDGET

The budget for the services and deliverables specified in I. through V above shall be \$81,824.03 for 2024, and not-to-exceed \$150,000 for subsequent years, which includes the Department's contribution to support services that may be provided jointly to the Department and agencies in other participating states. The Department shall provide such funds to RGGI, Inc., in accordance with the contract Payment Schedule, upon execution of the contract.

III. TERMS OF AGREEMENT

The term of this agreement shall begin February 2, 2024, and remain continuous until either party decides to terminate with a thirty (30) day notice.

IV. INVOICES AND PAYMENTS

The Department's payment obligation under this Agreement is expressly contingent on its realization of sufficient revenues from the sale of allowances under RGGI, as further described below. Specifically, the Department's payment obligation under this Agreement is delimited by its expenditure authority as set forth in 38 M.R.S. § 10008(6). In no event shall the Department's annual payment obligation exceed five percent (5%) of the total revenue it realizes from the sale of allowances under RGGI during the calendar year. Payments under this Agreement, subject to the limitations set forth in this Section and otherwise described in Rider B, will begin during the 2024 calendar year, and will consist of two annual payments be made by December 31 of each year through DEP's MOU with Efficiency Maine Trust. The amount of payment for 2026 and subsequent calendar years will be addressed in amendments to this Agreement.

Payments are subject to the Provider's compliance with all items set forth in this Agreement and subject to availability of funds.

IV. INTELLECTUAL 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 including all inventions, 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.

V. CONFIDENTIALITY

To the extent that the services carried out under this Agreement involve the use, disclosure, access to, acquisition or maintenance of information that actually or reasonably could identify an individual or consumer receiving benefits or services from or through the DEP ("Protected Information"), RGGI, Inc. agrees to a) maintain the confidentiality and security of such Protected Information as required by applicable state and federal laws, rules, regulations and DEP policy, b) contact the DEP within 24 hours of a privacy or security incident that actually or potentially could be a breach of Protected Information and c) cooperate with the DEP in its investigation and any required reporting and notification of individuals regarding such incident involving Protected Information. To the extent that a breach of Protected Information is caused by the RGGI, Inc. or one of its subcontractors or agents, RGGI, Inc. agrees to pay the cost of notification, as well as any financial costs and/ or penalties incurred by the DEP as a result of such breach.

VI. SIGNATURES

For RGGI, Inc.

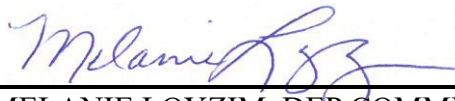


April 8, 2024

ANDREW J MCKEON, EXECUTIVE DIRECTOR

DATE

For the Department of Environmental Protection



April 9, 2024

MELANIE LOYZIM, DEP COMMISSIONER

DATE