



Matthew Rodriguez
*Secretary for
Environmental Protection*

Air Resources Board

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov



Edmund G. Brown Jr.
Governor

Agreement 11-415 Between Air Resources Board and Western Climate Initiative, Incorporated

The Air Resources Board (ARB) has entered into an agreement with Western Climate Initiative, Incorporated (WCI, Inc.) to obtain access to administrative support that WCI, Inc. is developing, including:

- (a) developing, implementing, and maintaining a system for tracking compliance instruments for emissions trading programs;
- (b) developing, implementing, and maintaining capability to execute allowance auction and reserve sales; and
- (c) developing, implementing, and maintaining capability to conduct market monitoring.

The benefits of participating in WCI, Inc. will include reduced administrative costs through cost sharing with other jurisdictions and enhanced security and effectiveness of program infrastructure across programs, including the tracking system, auction operation, and market monitoring.

As shown in the agreement, ARB's share of the WCI, Inc. budget is approximately \$3.7 million over two years. The preliminary WCI, Inc. budget for its first two years of operation is \$5.3 million with Quebec's share of the budget being \$1.6 million. The distribution of funding across jurisdictions is based on the number of participating jurisdictions and the total emissions covered by each jurisdiction's emissions trading program.

For more information on the ARB's climate program including the cap-and-trade regulation please go to:

<http://www.arb.ca.gov/homepage.htm>

AGREEMENT NUMBER 11-415
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

Air Resources Board (ARB or State)

CONTRACTOR'S NAME

Western Climate Initiative, Incorporated (WCI, Inc. or Contractor)

2 The term of this Agreement is: January 1, 2012 through December 31, 2013

3. The maximum amount of this Agreement is: **\$3,738,251.00**
 (Three Million Seven Hundred Thirty-Eight Thousand Two Hundred Fifty-One Dollars and No Cents)

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	2 Pages
Exhibit B – Budget Detail and Payment Provisions	1 Page
Exhibit C* – General Terms and Conditions (GTC- 610)	Online
Exhibit D – Special Terms and Conditions (Attached hereto as part of this agreement)	1 Page

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		California Department of General Services Use Only <input checked="" type="checkbox"/> Exempt per: SCM, Vol. 1. §4.04.3
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)		
Western Climate Initiative, Inc.		
BY (Authorized Signature)	DATE SIGNED (Do not type)	
	2/9/2012	
PRINTED NAME AND TITLE OF PERSON SIGNING		
Robert Noël de Tilly, Vice Chair, Western Climate Initiative, Inc.		
ADDRESS		
P.O. Box 1796 Sacramento, CA 95812		
STATE OF CALIFORNIA		
AGENCY NAME		
Air Resources Board		
BY (Authorized Signature)	DATE SIGNED (Do not type)	
	2/23/12	
PRINTED NAME AND TITLE OF PERSON SIGNING		
Richard Corey, Deputy Executive Officer		
ADDRESS		
1001 I Street, 20 th Floor Sacramento, CA 95814		

EXHIBIT A **SCOPE OF WORK**

Background

The Air Resources Board (ARB) is charged with designing emission reduction measures to meet statewide emission limits for greenhouse gases (GHG). AB 32 directed ARB to design measures that achieve real, quantifiable, cost-effective reductions of GHG emissions and return California to 1990 levels by the year 2020. To achieve this emissions target, ARB was authorized in AB 32 to consider provisions for using market-based compliance mechanisms, such as a cap-and-trade program. Additional information on AB 32 can be found on the ARB website at www.arb.ca.gov/climatechange.

After a multi-year policy development and stakeholder involvement process, ARB adopted a California cap-and-trade regulation that took effect January 1, 2012. The cap-and-trade regulation establishes GHG emission targets for certain sectors of the economy, and provide that these targets would be achieved by establishing an emissions limit, or cap, that declines over time.

California is participating in the Western Climate Initiative (WCI). Four Western Climate Initiative (WCI) Partner jurisdictions (British Columbia, Ontario, Quebec, and California) are considering implementing greenhouse gas (GHG) cap-and-trade programs. The WCI Partner jurisdictions have established a non-profit Regional Administrative Organization (RAO), Western Climate Initiative, Incorporated (WCI, Inc.), to provide coordinated administrative and technical support to the linked emissions trading programs implemented by the jurisdictions. Through this support, WCI, Inc. enables cap-and-trade programs to be administered at a lower cost than would be possible with independent administration by each of the WCI Partner jurisdictions. Having a single operator greatly simplifies market administration and oversight, reduces the potential for fraud or malfeasance within the market, and provides a framework that can be expanded as more jurisdictions implement their respective programs.

ARB will contribute annual participation dues to WCI, Inc., as mentioned in Exhibit B. The participating jurisdictions in WCI, Inc. include California, British Columbia, and Quebec. As a participating jurisdiction, California will hold two positions on the WCI, Inc. Board of Directors. WCI, Inc. can be expanded to support additional WCI jurisdictions that join in the future. The funding contributions to WCI, Inc. differ between the participating jurisdictions based on reported GHG emissions in each jurisdiction. As additional states and provinces join WCI, Inc., the individual jurisdiction participation costs are anticipated to decrease over time.

WCI, Inc. agrees to provide ARB with participation in WCI, Inc. administrative systems being developed to support the implementation of state and provincial greenhouse gas emissions trading programs.

EXHIBIT A
SCOPE OF WORK

The project representatives during the term of this agreement will be:

State Agency: Air Resources Board	Contractor: WCI, Inc.
Name: Ashley Dunn	Name: Tim Leisuk, Secretary for the Board of Directors
Address: 1001 I Street Sacramento, CA 95814	Address: P.O. Box 1796 Sacramento, CA 95812
Phone: (916) 322-7156	Phone: (250) 387-9216
Fax: (916) 445-5023	Fax: (250) 356-7286
Email: adunn@arb.ca.gov	Email:

Direct all administrative inquiries to:

State Agency: Air Resources Board	Contractor: WCI, Inc.
Section/Unit: Administrative Services Division	Section/Unit:
Attention: Sue Bayoneta	Attention: Tim Leisuk, Secretary for the Board of Directors
Address: 1001 "I" Street Sacramento, CA 95814	Address: P.O. Box 1796 Sacramento, CA 95812
Phone: (916) 322-2208	Phone: (250) 387-9216
Fax: (916) 327-2940	Fax: (250) 356-7286
Email: sbayonet@arb.ca.gov	Email:

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

1. Invoicing and Payment

- A. Upon receipt and approval of the invoices, the State agrees to pay Contractor for membership dues on a quarterly basis starting January 2, 2012. Payment for the first quarter of participation in WCI, Inc. in 2012 will be \$800,000. Payment for the second, third and fourth quarters will be \$268,346.00. Payment for the first quarter of participation to WCI, Inc. in 2013 will be \$1,000,000.00. Payment for the second and third quarters will be \$377,737.00, and payment for the fourth quarter will be \$377,739.00.
- B. Contractor shall submit one (1) original and one (1) copy of each invoice. Invoices must include the Agreement Number and shall be submitted not more frequently than quarterly in arrears to:

Air Resources Board
Accounting Section
P.O. Box 1436
Sacramento, CA 95812

2. Budget Contingency Clause

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement. The State will promptly notify Contractor if the Budget Act does not appropriate sufficient funds for the program.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

1. Termination

This Agreement may be canceled at any time by either party, upon thirty (30) days written notice to the other party.

2. Disputes

- A. ARB reserves the right to issue an order to stop work in the event that a dispute should arise, or in the event that ARB gives the Contractor a notice that this Agreement will be terminated. The stop-work order will be in effect until the dispute has been resolved or this Agreement has been terminated.
- B. Any dispute concerning a question of fact arising under the terms of this Agreement which is not disposed of within a reasonable period of time by agency and Contractor employees normally responsible for the administration of this agreement, shall be brought to the attention of the Executive Officer or designated representative of each party for joint resolution.

3. Amendments

ARB reserves the right to amend this agreement for additional time and/or additional funding.