THE ESTABLISHMENT OF A FORMAL MIDWEST RENEWABLE ENERGY TRACKING SYSTEM (M-RETS) ORGANIZATION

COOPERATIVE AGREEMENT NO. DE-FC26-07NT43346

FINAL TECHNICAL REPORT

Reporting Period Start Date: October 1, 2007
Reporting Period End Date: June 30, 2010

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TABLE OF CONTENTS

EXECUTIVE SUMMARY ................................................................................................................................. 1

TASKS TO BE PERFORMED ................................................................................................................................. 1

PHASE 1 - Preparation Phase .......................................................................................................................... 1

PHASE 2 – Organizational Phase ......................................................................................................................... 2

PHASE 3 – Operational Phase ............................................................................................................................. 2

DELIVERABLES ................................................................................................................................................. 3

PHASE 1 – Preparation Phase .......................................................................................................................... 3

PHASE 2 – Organizational Phase ......................................................................................................................... 3

PHASE 3 – Operational Phase ............................................................................................................................. 3
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EXECUTIVE SUMMARY

The objectives identified in requesting and utilizing this funding has been met. The goal was to establish a formal, multi-jurisdictional organization to:

- To ensure the policy objectives of the participating jurisdictions are addressed through increased tradability of the Renewable Energy Credits (RECs) from M-RETS and to eliminate the possibility that a single jurisdiction will be the sole arbiter of the operation of the system;
- To facilitate the establishment of REC standards including the attributes related to, the creation, trading, and interaction with other trading and tracking systems;
- To have a centralized and established organization that will be responsible for the contracting and governance responsibilities of a multi-jurisdictional tracking system.

The M-RETS Inc. Board ensures that the system remains policy neutral; that the attributes of generation are tracked in a way that allows the system users to easily identify and trade relevant RECs; that the system can add jurisdictions as needed or desired; and that the tracking system operate in such a way to allow for the greatest access possible for those participating in other tracking or trading systems by allowing those systems to negotiate with a single M-RETS entity for the import and export of RECs. M-RETS as an organizational body participates and often leads the discussions related to the standardization of RECs and increasing the tradability of M-RETS RECs. M-RETS is a founding member of the Environmental Trading Network of North America (ETNNA) and continues to take a leadership role in the development of processes to facilitate trading among tracking systems and to standardize REC definitions.

The Board of Directors of M-RETS, Inc., the non-profit corporation, continues to hold telephone/internet Board meetings. Legal counsel continues working with the board and APX management on a new agreement with APX. The board expects to have an agreement and corresponding fee structure in place by January 2011. The Board has recently approved exports to three other tracking systems and is in discussions about imports to the system. Below are the tasks outlined in the request and attached you will find the relevant documentation.

TASKS TO BE PERFORMED

PHASE 1 - Preparation Phase

Task 1.0 – Preliminary Meeting (Completed) - Meet to discuss the process for choosing legal counsel and developing the issues list for resolution.

Subtask 1.1 – Facilitation (Completed) - Request facilitation support from the Great Plains Institute to set up the meeting, develop the agenda and provide the materials.

Task 2.0 – Counsel Criteria (Completed) - Develop criteria, scope of work statement, and RFP for the legal counsel to meet.

Task 3.0 – RFP Process (Completed) - Issue RFP and review applicants and award contract.
Task 4.0 – Legal Review (Completed) - Review jurisdictional issues related to the participation of individuals representing jurisdictions in a multi-jurisdictional organization.

Task 5.0 – Review Conclusions (Completed) - Review legal conclusions both from hired legal counsel and legal counsel representing the participating jurisdictions and stakeholders.

**PHASE 2 – Organizational Phase**

Task 1.0 – Drafting of Documents
   - Subtask 1.1 – Draft and review Articles of Incorporation and Bylaws (Completed)
   - Subtask 1.2 – Draft and file appropriate tax exemption documents (Completed) – Tax exempt status granted, see attached letter.
   - Subtask 1.3 – Prepare relevant organizational materials and information for dissemination. (Completed)

Task 2.0 – Follow-up meeting - Meet to review and approve draft documents for filing.
   - Subtask 2.1 – Facilitation (Completed) - Request facilitation support from the Great Plains Institute to set up the meeting, develop the agenda and provide the materials.

Task 3.0 – Filing (Completed) - Make all appropriate filings in originating state and foreign incorporations in participating jurisdictions. Following discussions with legal counsel, we determined it is not necessary to make any foreign incorporation filings at this time.

**PHASE 3 – Operational Phase**

Task 1.0 – Insurance - Obtain organizational insurance to cover the activities of the new legal entity (Completed).

Task 2.0 – NAAIB Membership - Apply for and become members of NAAIB to facilitate the discussions of REC standardization and system interoperability (Completed).

Task 3.0 – Incorporation of Energy Efficiency/Conservation - Consult with CRS and the system operator for the incorporation of Energy Efficiency and Conservation as part of the tracking system.
   - Subtask 3.1 – Discuss and review evaluation standards
   - Subtask 3.2 – Determine feasibility of incorporation of existing Energy Efficiency and Conservation Programs.
   - Subtask 3.3 – Present incorporation of Energy Efficiency and Conservation to the new legal entity for approval.

Note: This task has been set aside to focus on the final implementation of the underlying Renewable Energy Credit Tracking System and its interaction with other existing systems. The Board requested an extension of the DOE funding to address outstanding issues including import and exports. The board and a review of the original RFP indicated an emphasis on facilitating multistate efforts. In addition, the Board felt the focus on imports and exports was a high priority given the potential for Federal Renewable Standards legislation.
Task 4.0 – Import Export Discussion *(Completed)* – Engage in one on one discussion with representatives of other tracking systems to initiate the process of facilitating Imports Exports amongst all of the systems. M-RETS continues to participate in meetings regarding import/export with representatives of several tracking systems.

**DELIBERABLES**

**PHASE 1 – Preparation Phase**
- Preliminary Meeting – Meeting agenda and Summary *(Completed)*
- Counsel Criteria and RFP Process – Copy of RFP, Proposals and Final selection *(Completed)*
- Legal Review and Conclusions – Report from Counsel on legal issues and resolutions *(Completed)*
- See Draft Contract with APX

**PHASE 2 – Organizational Phase**
- Draft Documents, Approval and filing – Filed Articles of Incorporation, Bylaws and Tax Exempt Application *(Completed)*
- See attached IRS letter granting exemption.

**PHASE 3 – Operational Phase**
- Insurance and NAAIB Membership – Demonstration of coverage and membership *(Completed)*
- See attached draft APX agreement
Dear Applicant:

We are pleased to inform you that upon review of your application for tax-exempt status we have determined that you are exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Please see enclosed Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations (Other than 501(c)(3) Public Charities and Private Foundations), for some helpful information about your responsibilities as an exempt organization.

Contributions to you are not deductible by donors under section 170(c)(2) of the Code.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-NC
VIA ELECTRONIC MAIL

May 3, 2010

Lars Kvale
APX, Inc.
111 River Street, Suite 1204
Hoboken, NJ 07030

RE: APX M-RETS Agreement

Dear Lars:

Enclosed please find the revised agreement between APX and M-RETS, Inc. with our proposed revisions. Our overall goal in revising the agreement was to ensure continuity between the existing agreement and the new agreement. The agreement you presented us might work well where APX was working with a new client, but in this case, M-RETS has been working with APX and services have been provided under the existing agreement for several years. The new agreement should represent an assignment and amendment of the existing agreement. We also have incorporated the exhibits into the body of the Master Services Agreement to avoid confusion that might otherwise arise. This doesn’t prohibit the parties from using exhibits to cover additional change orders or new projects, but it does properly designate the current relationship between the parties at this point in time in the Agreement itself. We think this approach accurately identifies the parties’ current agreement and serves as the proper platform for moving forward under this Agreement.

The following is a summary of our reasons for some formatting and all additional substantive changes:

1. Client identified specifically as M-RETS, Inc. throughout the document.
2. Identification of the agreement as an assignment and amendment of existing agreement with a cross reference and inclusion of original agreement, RFP, response to RFP, Operating Procedures and related documents as “Reference Documents” throughout the agreement.
3. Definitions –
a. Clarification of APX IP – Inclusion of what is expressly included in APX IP.
b. Added “Authorized User” to distinguish from Subscriber
c. Identified Subscribers specifically
d. Identifying M-RETS IP
e. Identifying M-RETS Owned Information
f. Definition of M-RETS System
g. Changes “Service Order” to “Change Request”
h. Defined Software
i. Defined Technology Infrastructure
j. Defined Terms of Use
k. Defined Third Party

4. Section 2.1 – Combined the description of services from all exhibits into Master Agreement.

5. Section 3 – Fee structure review process clarified.

6. Section 4.2 – Revised the failure to pay fees provision to make it mutual given the fact that APX will be collecting and paying fees to M-RETS, Inc. and M-RETS, Inc. could be paying fees to APX in the future under an amendment to the current agreement.

7. Section 4.3 – Provides a mechanism for transition in the event of termination.

8. Section 5.1 & 5.2 – Incorporates language that protects M-RETS, Inc. in the case of 3rd party infringement of IP.

9. Old Section 6.4 – Deleted as it is not mutual and there is no apparent need for a special remedy for APX under this agreement.

10. Section 6.1 – Language clarified to be consistent with the treatment of Confidential Information in existing Contract.

11. Section 6.4 – Identifies the inception of the relationship to clarify that Confidentiality obligations spring from that date forward.

12. Old Section 9.1 – Deleted limitation on liability as it provided no remedy and is arbitrary and not mutual. As written the APX would have no liability since there are no fees paid to APX by M-RETS, Inc. under this Agreement. APX should carry insurance to cover losses for its negligent actions, errors, etc.

13. Section 8.2 – Makes the limitations of liability mutual.

14. Section 9.1 – Protects M-RETS, Inc. from liability for Subscribers’ conduct. Such liability should be addressed in the terms of use between APX and the Subscribers.

15. Added Section 9.2 – Protects M-RETS, Inc. from infringement liability based on APX actions.
16. Section 10 – Changes the JAMS to AAA as more accessible for M-RETS, Inc. and limits discovery and provides for a three arbitrator panel in the case of a claim exceeding $200,000 and making the venue Minneapolis, Minnesota.

17. Creation of Section 11 Protecting the M-RETS Domain Name and website Contents as well as the transfer of subscriber paid fees in the event of transfer.

18. Section 12.2 Clarifies that the right to use each other’s name terminates upon termination of this Agreement.

19. Section 12.8 Updated Contact information.

20. Section 12.10 Remove the payment of fees issue as M-RETS, Inc. does not pay any fees directly to APX.

21. Section 12.11 – Increase the claim term to 2 years following termination of the agreement and making it mutual.

22. Section 12.13 – Includes a provision regarding the involvement of the Wisconsin Commission and subscribers in the fees setting.

23. Section 12.14– Remove the language that appears to allow APX to unilaterally change the fees.

24. Service Order – M-RETS, Inc. has merged this document with the Master Agreement to avoid confusion and more accurately capture the meaning/purpose of this section.
   a. Because we have the Change Control Process that works properly, M-RETS, Inc. proposes to eliminate the language in parts 2 & 3 as redundant and unnecessary as well as potentially inconsistent provisions.
   b. Part 4 – Clarifies and strengthens Account Protections (now section 2.4).
   c. Part 7 – Removed M-RETS Duties as they are not mutual and appear to confuse the services to be provided and the manner in which M-RETS, Inc. and the subscribers currently interact with APX.

25. Exhibit A – Remove this designation. It adds confusion and can be incorporated into the body of the agreement.


27. Registry User Fees – Add language about the Wisconsin Commission’s role in the review of the fees and the participation of M-RETS, Inc. in that process.

28. Inserting fee structure – Refer to Exhibit 1 to be updated and included in the Terms of Use.

29. Invoicing and payment (now Section 3.3) – Remove and redraft language to reflect the actual billing cycle and to ensure there is a true-up for the payment of any outstanding M-RETS, Inc. fees.

30. Appendix 1 to Exhibit A1 – Remove the heading as it can and should be incorporated into the body of the agreement.
31. Remove all language after “Technical Requirements” to avoid potential conflict or omission and refer directly to the original documents.

Please review this redraft and then let me know when you have some availability for a conference call to discuss any questions comments or additional changes you may have regarding this agreement.

Thank you in advance for your attention to this matter.

Sincerely,

[Signature]

Chela Bordas O’Connor
President, Board of Directors
MRETS, Inc.

Cc: Jennifer Forbes, MRETS, Inc. Attorney

Jose Ibietatorremendia
VP and General Counsel, APX, Inc.

Katherine Graham
Manager of Registry Infrastructure
Environmental Markets, APX, Inc.
APX MASTER SERVICES AGREEMENT

This Master Services Agreement (the "Agreement") is made and entered into as of ____________________ (the "Effective Date") by and between APX, Inc., a California corporation, with its principal place of business at 224 Airport Parkway, Suite 600, San Jose, CA 95110 ("APX") and Midwest Renewable Energy Tracking System, Inc., a Wisconsin non-profit corporation, with its principal place of business at 610 North Whitney Way, Madison, WI 53707-7854 ("MRETS, Inc."). APX and MRETS, Inc. are hereinafter referred to individually as a "Party" and collectively as the "Parties". This Agreement assigns and amends the existing agreement between APX and the Public Service Commission of Wisconsin ("PSC"). This Agreement consists of this Base Agreement outlining the basic terms which will govern the overall relationship between APX and MRETS, Inc. and the following Reference Documents attached hereto which outline the terms upon which APX shall render specific Services to MRETS, Inc. and which documents are incorporated herein by this reference:

1. Definitions.
   1.1 "APX IP" means patents, copyrights, trademark rights, trade secret rights, moral rights, and other industrial and intellectual property rights throughout the world developed by or for APX, including all modifications, improvements, upgrades, and derivative works thereof, and including those that are provided to MRETS, Inc. hereunder including existing and future operating procedures as they are amended from time to time pursuant to this Agreement.
   1.2 Authorized Users – Users other than subscribers with authority to use and access the MRETS system (Qualified Reporting Entities, etc.).
   1.3 "Change Request" means one or more subject matter supplements to this Agreement, including all applicable Exhibits attached thereto, which sets forth the Services to be provided to MRETS, Inc. by APX, including additional terms, conditions, and requirements applicable to such described Services.
   1.4 "Deliverables" means any deliverable set forth in a Reference Document.
   1.5 "MRETS, Inc. IP" means all patents, copyrights, trademark rights, trade secret rights, moral rights, and other industrial and intellectual property rights throughout the world developed by or for MRETS, Inc., including all modifications, improvements, upgrades, and derivative works thereof, and including those that are provided by APX to MRETS, Inc. hereunder excluding APX IP. The parties agree that the following intellectual property constitutes APX IP: (i) The APX base operating system prior to the date of the original contract between the Public Service Commission of Wisconsin; (ii) APX proprietary software; and (iii) Technology Infrastructure.
   1.6 "MRETS, Inc. Owned Information" means all Subscriber Data, MRETS, Inc. data MRETS, Inc. IP and all operating procedures, signed MRETS participants' registration and terms of use forms, and data interface agreements with external parties (other tracking systems, ISO etc) including, but not limited to any and all operating procedures, signed MRETS participants’ registration and terms of use forms, and data interface agreements with external parties (other tracking systems, ISO etc); contact and login information for Authorized Subscribers, change requests, archives of support tickets, work orders, invoices, billings and any other information created as part of the operation of the System, public and non-public website content, domain names and URLs for the MRETS System website and collectively as the "MRETS System(s)".
   1.7 "MRETS System(s)" means any deliverable set forth in a Reference Document.

In the event of a conflict between the terms of this Base Agreement and any applicable Reference Document, the terms of the applicable Reference Document shall supersede the conflicting provisions contained in this Base Agreement, but only in regard to the specific Service provided under such Reference Document.
1.9 “Software” means APX’s proprietary software and MRETS owned improvements/enhancements/changes in machine-readable format that enables the M-RETS System described in the applicable Change Request.

1.10 “Subscribers” means persons and organizations authorized to use and access the M-RETS System pursuant to the Terms of Use applicable thereto, as recorded in the M-RETS System.

1.11 “Subscriber Data” means, among other things, all transactional data, all related environmental market data, and all corporate and personal data relating to participants in Subscriber’s registry provided by Subscriber to APX hereunder, which is used by APX to provide the Services and Deliverables pursuant to any applicable Reference Document.

1.12 “Technology Infrastructure” means the entire applications service system, including hardware, software, firmware, and communications pathways.

1.13 Terms of Use Existing terms of use agreement(s) between Subscribers and other Authorized Users and APX and amendments as approved by MRETS, Inc.

1.14 “Third Party” means any other entity, including business units or affiliates of Subscriber or MRETS, Inc., for which Subscriber or MRETS, Inc. is obligated to perform registry services.

2. Services.

2.1 Description of Services. APX agrees to use commercially reasonable efforts to provide the Services including any Deliverables as described in each Reference Document attached hereto. Specifically and without limitation, APX shall maintain and operate a web-based renewable energy tracking system to serve the upper midwest states of Iowa, Minnesota, North Dakota, South Dakota, Wisconsin, and the Canadian province of Manitoba. The tracking system should be capable of being expanded to cover additional states or provinces. If there are multiple types of Services to be rendered by APX hereunder, each shall be described by a separate Change Request which shall be attached hereto and shall be sequentially numbered (e.g. Exhibit(s) A-1, A-2, etc.). Each Exhibit shall not be binding until it has been signed by both Parties. Each Exhibit shall contain at a minimum, (i) a general description of the Services, (ii) objectively verifiable acceptance criteria for Deliverables, and (iii) the service fees for such Services. If there is any conflict between the terms of a specific Change Request, the terms of the relevant Change Request shall control and take precedence. M-RETS Technical Requirements are outlined in Reference Documents including but not limited to the Operating Procedures RFP, Response to the RFP, Clarification letters and Change Requests and incorporated herein by reference.

2.2 Acceptance of Deliverables. All Deliverables will be deemed and considered accepted by MRETS, Inc. within sixty (60) days of delivery by APX (the “Acceptance Period”) unless MRETS, Inc. provides APX with a statement of errors within such Acceptance Period setting forth with specificity the errors contained in the Deliverables. MRETS, Inc. shall not withhold acceptance, due to factors under MRETS’s control. MRETS, Inc. failure to provide a written acceptance or statement of errors within such Acceptance Period will be deemed an acceptance of the Deliverable. Any date set forth in an Exhibit for the completion of any Professional Services may be delayed in the event that any delay in the performance of such Professional Services relates to or will likely arise because MRETS, Inc. is late in the performance of any of its obligations hereunder.

2.3 Access to Service. Subject to the terms and conditions of this Agreement, APX grants MRETS, Inc. a non-exclusive, non-transferable, limited, internal-use-only right and license during the term of this agreement the APX IP, Software and Technology Infrastructure solely for its intended purpose in accordance with this Agreement. Except for the express rights granted herein, APX does not grant any other licenses, whether express or implied, to any APX software, services, or intellectual property.

2.4 Account Protection. APX, MRETS, Inc. and all Subscribers shall protect the confidentiality of all Authorized User account information, including user names and passwords. In the event that any party becomes aware that the security of such party’s login information has been breached, the party shall immediately notify APX and APX shall immediately de-activate such Account or change the Account’s login information, and APX shall take mitigating action to limit any damage caused by such security breach. MRETS, Inc. and Subscribers may not, and may not permit any Third Party Client to: (i) copy, reproduce, modify, translate, prepare derivative works of, de-compile, reverse engineer, disassemble or otherwise attempt to derive source code from the Software and Technology Infrastructure; (ii) use, evaluate or view the Software and Technology Infrastructure for the purpose of designing, modifying, or otherwise creating any environment, program, or infrastructure or any portion thereof, which performs functions similar to the functions performed by the Software and Technology Infrastructure; or (iii) remove, obscure, or alter any copyright notice, trademark, logos and trade names, or other proprietary rights notices affixed to, or contained within the M-RETS System other than MRETS, Inc. IP.

2.5 Limits on APX Use of MRETS, Inc. IP and MRETS, Inc. Owned Information. APX and its affiliates may not, and may not permit any Third Party to: (i) copy, reproduce, modify, translate, prepare derivative works of MRETS, Inc. IP or MRETS, Inc. Owned Information; (ii) use, evaluate or view the MRETS, Inc. IP or MRETS, Inc. Owned Information for
the purpose of designing, modifying, or otherwise creating any environmental energy tracking system which performs functions similar to the functions performed by the M-RETS System; or (iii) remove, obscure, or alter any copyright notice, trademark, logos and trade names, or other proprietary rights notices for MRETS, Inc. IP.

2.6 Joint Marketing and Promotion. Both Parties agree to jointly develop and publish or post and maintain on their respective websites a short one or two page document describing the use and important role of registry technology in streamlining the work process, and increasing the ease and integrity in the overall system of administration. APX agrees to bear all costs of formatting and printing such a document. MRETS, Inc. agrees to mention, where appropriate, "Powered by APX" or "Registry technology is provided by APX" in MRETS, Inc.’s standard presentations regarding the M-RETS System.

2.7 Support and Maintenance. All Subscribers will have access to telephone technical support. Support and maintenance service shall entitle MRETS, Inc. to have access to APX’s telephone and e-mail helpline, staffed 24 hours a day, seven days a week. Technical support shall include (i) assistance in identifying, verifying and resolving errors and/or user problems which affect Subscriber’s, authorized user’s or MRETS, Inc.’s use of the M-RETS system; and (ii) the provision of technical fixes or workarounds, as necessary to use the M-RETS system. Any enhancements to the M-RETS system will be mutually agreed upon by the Parties and memorialized in writing, including the requirements, delivery and cost of providing such enhancements.

2.8 Ongoing right to use program. MRETS, Inc. or any regional group to which the contracted obligations are assigned, reserves the right to use the Midwest Renewable Energy Tracking System ("M-RETS") maintained and operated under this Agreement on an ongoing basis in the future. The regional group reserves this right even if it selects a different program administrator in the subsequent contract.

3. Fees.

3.1 APX Clearing Account: APX will establish and maintain a segregated clearing account ("APX Clearing Account") with a depository designated by APX in which all monies owing from the Subscribers will be deposited and disbursed.

3.2 Registry User Fees: APX will work with MRETS, Inc. to develop and set future fee schedules. The fee structure will seek to cover APX’s cost to implement, operate and administer M-RETS; plus a fifteen percent (15%) rate of return, and MRETS, Inc.’s annual budget costs. This evaluation will happen on an annual basis in concert with the Annual Cost Report that APX will prepare for Client. The current fee structure is inserted below. User fees are also subject to review and approval by the Public Service Commission of Wisconsin pursuant to Wis. Admin. Code PSC ch. 118.06(4). APX will not object to MRETS, Inc.’s participation as a party in the relevant proceedings on this issue. The fee structure shall be contained in the Terms of Use and shall be as stated on Exhibit 1 Attached.

3.3 Invoicing and Payment: The above fees due to APX hereunder will be paid from the M-RETS System Subscriber fees collected by APX in a segregated APX Clearing Account. APX shall produce an invoice with APX fees due, and will invoice the Subscribers. Delivery of such invoice will take place electronically, and payments will be made by each Subscriber to APX. Within thirty (30) days following each quarter end, APX will provide MRETS, Inc. with a report of the Subscriber Fees received by APX during the previous quarter and will wire transfer to MRETS, Inc. the MRETS, Inc.’s designated fees.

4. Term and Termination.

4.1 Term. This Agreement shall commence on the Effective Date and continue until December 31, 2013 ("Initial Term") or until terminated by either Party as set forth below. Thereafter, this Agreement shall automatically renew for additional one (1) year terms unless either Party provides the other Party with written notice of its intent not to renew this Agreement at least sixty (60) days prior to the end of the then current term.

4.2 Termination for Cause. This Agreement and any Reference Document or Exhibit hereunder may be terminated by either Party in the event of any failure to pay fees when due or any material breach of, or material default in, any of the terms and conditions of this Agreement or any Reference Document or Exhibit by the other Party and the defaulting party fails to cure such breach within thirty (30) days after receipt of written notice of the same, except in the case of failure to pay fees, which must be cured within thirty (30) days after receipt of written notice from the party to whom such fees are owed. Either Party shall have the right to terminate this Agreement immediately upon delivering written notice to the other party in the event that the other party: (i) terminates or suspends it business; (ii) becomes subject to any bankruptcy or insolvency proceeding under federal or state law; (iii) becomes insolvent; (iv) makes a general assignment for the benefit of its creditors; or (v) becomes subject to direct control by a trustee, receiver or similar authority.

4.3 Effect of Termination. In addition to any other requirements for termination provided in any applicable Reference Document, upon the effective date of expiration or termination of this Agreement or any applicable Reference Document: (a) APX shall work with MRETS, Inc. for a smooth transition of the M-RETS System, including the transfer of all MRETS, Inc. IP, MRETS Inc Owned Information including but not limited to Subscriber Data to an authorized service provider; APX shall provide MRETS, Inc. with transition assistance for up to a period of sixteen (16) weeks following such expiration or termination (the “Transition Period”), or as otherwise mutually agreed in writing by the Parties and at APX’s then current approved hourly rate in effect prior to the termination. During such Transition Period, APX agrees to make available to transfer all MRETS, Inc. IP, MRETS, Inc. Data, MRETS, Inc.
5. Warranties.

5.1 **APX Warranties.** APX warrants that (i) APX is duly formed, validly existing and in good standing under the laws of the jurisdiction of its formation and has corporate power necessary to carry on its business as now being conducted and that it has full authority to enter into this Agreement and to consummate the transactions contemplated hereby and that this Agreement is not in conflict with its charter or by-laws or with any other agreement to which APX is a party or by which it may be bound; (ii) the Services will be performed in a good and workmanlike manner; and (iii) it will fully comply with any laws and governmental regulations applicable to APX as a provider of Services to be provided hereunder, including all relevant United States laws and regulations and (iii) to the best of its knowledge the APX IP as used in providing the Services to MRETS, does not infringe the intellectual property rights of MRETS, Inc. or any third party.

5.2 **Warranty Disclaimer.** EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS BASE AGREEMENT AND IN ANY APPLICABLE REFERENCE DOCUMENT OR EXHIBIT, THE SERVICES ARE PROVIDED ON AN ‘AS IS’ BASIS, AND MRETS, INC.’S USE OF THE SERVICES IS AT ITS OWN RISK; APX DOES NOT MAKE, AND HEREBY DISCLAIMS, ANY AND ALL OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, , AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE. APX DOES NOT WARRANT THAT THE SERVICES WILL BE UNINTERRUPTED, ERROR-FREE, OR COMPLETELY SECURE, OR THAT THE PROVISION OF SERVICES WILL ALWAYS BE EXECUTED WITHOUT HUMAN ERRORS OR OMISSIONS.

5.3 **MRETS, Inc. Warranties.** MRETS, Inc. warrants that (i) MRETS, Inc. has all power and authority necessary to enter into this Agreement; (ii) MRETS, Inc.’s services, products, materials, data, and information used by MRETS, Inc. in connection with this Agreement as well as MRETS, Inc.’s and its permitted customers’ and users’ use of Services (“MRETS, Inc.’s Business”) does not and will not operate in any manner that would violate any applicable law or regulation; (iii) that MRETS, Inc. has not been adjudicated a bankrupt or filed for protection from creditors for the five (5) years preceding this Agreement. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH ABOVE, MRETS, INC. HEREBY DISCLAIMS, ANY AND ALL OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE. MRETS, INC. DOES NOT WARRANT THAT ITS PERFORMANCE PURSUANT TO THIS AGREEMENT WILL BE ERROR-FREE, OR COMPLETELY SECURE, OR EXECUTED WITHOUT HUMAN ERRORS OR OMISSIONS.

6. Confidential Information.

6.1 The Parties understand and agree that by reason of their relationship under this Agreement, each Party may have access to private or Confidential Information (as defined below) of the other Party (and in the case of MRETS, Inc., such its Confidential Information also includes the Subscriber Data and Subscriber Confidential Information) and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the disclosing party. “Confidential Information” will consist of information that either (i) is marked as “confidential” or “proprietary” or (ii) the receiving party should reasonably understand to be confidential or proprietary based on the nature of such information or the circumstances of disclosure. Confidential Information may include, without limitation, information concerning each Party’s business, plans, customers, technology, products, proprietary software, and the terms and conditions of this Agreement. The receiving party agrees that all Confidential Information shall be held in confidence and used only in performance of this Agreement; provided, however, that the receiving party may disclose Confidential Information to its attorneys, accountants and other advisors as reasonably necessary, and provided the receiving party shall advise such parties of their obligation to keep such information confidential; and (ii) such parties are bound by terms at least as protective of this Agreement. The receiving party shall exercise the same standard of care to protect such information as it uses to protect its own proprietary data, which in no event shall be less than reasonable care. The disclosing party agrees that the foregoing shall not apply with respect to any information that the receiving party can document (i) is or becomes generally available to the public through no improper action or inaction by the receiving party or any affiliate, agent, consultant or employee thereof, (ii) was already in receiving party’s possession at the time of its disclosure through no improper action or inaction by the receiving party or any affiliate, agent, consultant or employee thereof, (iii) was rightfully disclosed to the receiving party by a third party who had the right to disclose such information, without restriction on disclosure and without breach of this or any other agreement between the parties hereto, or (iv) was independently developed by the receiving party without use of the Confidential Information of the disclosing party. The receiving party may make disclosures required by law or court order provided the receiving party uses diligent reasonable efforts to limit disclosure and to obtain confidential treatment or a protective order and has allowed the disclosing party to participate in the proceeding.
6.2 All Confidential Information shall remain the sole property of the disclosing party and nothing in this Agreement is intended to or shall grant any interests or rights, by license or otherwise to the receiving party under any patent, copyright, trademark, service mark, trade name, trade secret or other intellectual property right of the disclosing party. The disclosing party disclaims all warranties regarding all Confidential Information disclosed pursuant to this Agreement, including but not limited to all warranties regarding the accuracy or utility of such Confidential Information. All materials containing any Confidential Information (including all copies made by the receiving party) shall be returned to the disclosing party immediately upon termination or expiration of this Agreement, or earlier upon the receiving party’s determination that it no longer has a need for such Confidential Information. In addition, upon request of the disclosing party, the receiving party shall return or destroy Confidential Information, and all materials containing any such Confidential Information (including all copies made by the receiving party).

6.3 Each party acknowledges that monetary damages may not be sufficient remedy for unauthorized use or disclosure of Confidential Information of the other party, and that in the event of a breach or threatened breach of this Section 6, the other party shall be entitled, without waiving any other rights or remedies, to seek injunctive or equitable relief as may deemed proper by a court of competent jurisdiction.

6.4 The confidentiality obligations hereunder shall apply to all Confidential Information disclosed since the inception of the relationship between APX and the Public Service Commission of Wisconsin and remains in effect for a period of two (2) years after termination of this Agreement.


7.1 MRETS, Inc. IP. MRETS, Inc. shall retain all right, title and interest in and to all MRETS, Inc. IP. MRETS, Inc. grants to APX a non-exclusive, worldwide, royalty-free license to use MRETS, Inc. IP solely for APX to perform the Services under this Agreement and solely for the term of this Agreement.

7.2 APX IP. APX shall retain all right, title and interest in and to all APX IP. MRETS, Inc.’s use of the APX IP is subject to the express license, if any, as provided in the applicable Reference Document.

8. Limitation of Liability.

8.1 NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY STATUTORY LIABILITY OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH THE DELIVERY OR USE OF THE SERVICES PROVIDED HEREUNDER, INCLUDING ANY LOSS OF PROFITS, EARNINGS, REVENUE, USE, DATA, CONTRACT, OR GOOD WILL, EVEN IF A PARTY HAS KNOWLEDGE OF THE POSSIBILITY OF SUCH DAMAGES.

8.2 MRETS, Inc. and APX each acknowledge that they have set their prices and entered into this Agreement in reliance upon the limitations of liability and the disclaimers of warranties and damages set forth herein, and that the same form an essential basis of the bargain between the parties. The parties agree that the limitations and exclusions of liability and disclaimers specified in this Agreement will survive and apply even if found to have failed of their essential purpose.


9.1 Indemnification by MRETS, Inc. To the fullest extent permitted by Law, MRETS, Inc. shall indemnify, defend and hold harmless APX its affiliates and each of their respective officers, directors, shareholders, and employees from and against any and all losses, liabilities, damages, actions, claims, costs, and expenses, including reasonable fees and costs of counsel and experts, incurred in connection with claims arising from any gross negligence or willful misconduct by MRETS, Inc., its affiliates, agents, officers, and employees, while APX is engaged in the performance of Services, except to the extent such claim is caused by the gross negligence or willful misconduct of APX or its affiliates. MRETS, Inc. shall not be liable for the conduct of any Subscribers.

9.2 MRETS, Inc. shall indemnify, defend and hold harmless APX its affiliates and each of their respective officers, directors, shareholders, and employees from and against any and all losses, liabilities, damages, claims, costs and expenses, including reasonable fees and costs of counsel and experts, incurred in connection with any third-party claims alleging the MRETS, Inc. IP infringes any third party’s presently existing U.S. patent or copyright or constitutes misappropriation or unlawful use of a third party’s trade secrets; provided that (i) APX notifies MRETS, Inc. promptly in writing of the claim; (ii) MRETS, Inc. has the sole control of the defense and all related settlement negotiations; and (iii) APX provides MRETS, Inc. with all reasonably necessary assistance, information, and authority to perform the foregoing at MRETS, Inc.’s expense.

9.3 Notwithstanding the terms of Section 9.2, MRETS, Inc. will have no liability for any infringement claim of any kind to the extent it results from: (a) modifications to the MRETS, Inc. IP by APX; (b) unauthorized or unlicensed use of MRETS, Inc.’s IP; (c) failure of APX to use corrections or updated or modified information provided by MRETS, Inc. to avoid infringement; (d) use of a MRETS, Inc. IP created by APX as a “work made for hire” under this or any earlier Agreement.
9.4 **Indemnification by APX.** To the fullest extent permitted by Law, APX shall indemnify and hold harmless MRETS, Inc., its Affiliates and each of their respective agents, officers and employees, from and against any and all losses, liabilities, damages, actions, claims, costs and expenses, including reasonable fees and costs of counsel and experts, incurred in connection with claims arising from any gross negligence or willful misconduct by APX, its affiliates, agents, officers and employees, arising from or related to the provision of any of the APX Services, except to the extent such claim is caused by the gross negligence or willful misconduct of MRETS, Inc..

9.5 APX shall indemnify, defend and hold harmless MRETS, Inc. and its officers, directors, shareholders, and employees from and against any and all losses, liabilities, damages, claims, costs and expenses, including reasonable fees and costs of counsel and experts, incurred in connection with any third party claims alleging a Service or Deliverable infringes any third party’s presently existing U.S. patent or copyright or constitutes misappropriation or unlawful use of a third party’s trade secrets; provided that (i) MRETS, Inc. notifies APX promptly in writing of the claim; (ii) APX has the sole control of the defense and all related settlement negotiations; and (iii) MRETS, Inc. provides APX with all reasonably necessary assistance, information, and authority to perform the foregoing at APX’s expense.

9.6 Notwithstanding the terms of Section 10.5, APX will have no liability for any infringement claim of any kind to the extent it results from: (a) modifications to the Deliverables or any APX software that enables any Service provided hereunder made other than by APX; (b) unauthorized or unlicensed use of the Service or Deliverables; (c) the combination, operation or use of any Deliverables or Service with equipment, devices or software not supplied by APX to the extent such a claim would have been avoided if the Deliverable or Service was not used in such combination; (d) failure of MRETS, Inc. to use corrections or updated or modified Deliverables(s) provided by APX to avoid infringement; (e) use of a Deliverable or Service in violation of this Agreement; or (f) compliance by APX with designs, plans or specifications furnished by or on behalf of MRETS, Inc..

9.7 In the event of such infringement of a third party’s intellectual property right, or in APX’s judgment such infringement is likely, APX shall have the right at its sole option and expense to remedy such infringement by (i) substituting or modifying such intellectual property so that there is no infringement while maintaining the quality and functionality of the original intellectual property; (ii) obtaining for MRETS, Inc. a license to continue using such intellectual property; or if neither (i) nor (ii) is commercially reasonable, APX shall have the right to terminate the applicable Change Request or Exhibit immediately upon written notice to MRETS, Inc., and MRETS, Inc. shall immediately cease its use of the applicable Service or Deliverable and return any such applicable Deliverable to APX. The above provision sets forth MRETS, Inc.’s sole and exclusive remedy and APX’s sole liability for intellectual property infringement by APX.

10. **Disputes.** In the event of a dispute between MRETS, Inc. and APX, the parties agree to work together to resolve the dispute in commercially reasonable ways. After initial attempts to resolve the dispute have been exhausted, the dispute will be referred to senior management representatives of the parties for the purposes of reaching a negotiated settlement. If, after the passage of fourteen (14) calendar days from the first referral to senior management representatives, the matter is still not resolved, either party may refer the matter to the American Arbitration Association (“AAA”), or its successor, for final and binding arbitration. Either party may commence the arbitration process called for in this agreement by filing a written demand for arbitration with the AAA with a copy to the other party. The arbitration will be conducted in accordance with the provisions of AAA’s Comprehensive Arbitration Rules and procedures in effect at the time of filing of the demand for arbitration. The parties will cooperate with AAA and with one another in selecting an arbitrator from AAA panel of neutrals, and in scheduling the arbitration proceedings. Discovery in arbitration shall be available but may be limited by an order of the arbitrator. In any claims involving more than $200,000.00, the parties agree to a three arbitrator panel to decide the dispute. The parties may mutually agree upon an acceptable arbitrator or arbitrators; if the parties are unable to agree, the arbitrator or arbitrators shall be selected pursuant to the procedures of the AAA. Venue for the arbitration hearing shall be in Minneapolis, MN. The parties covenant that they will participate in the arbitration in good faith, and that they will share equally in its costs. The provisions of this Section 10 may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys fees, to be paid by the party against whom enforcement is ordered. Continued performance of obligations during the pendency of dispute resolution proceedings, including arbitration, is required.

11. **M-RETS Website and Transfer.**

11.1 APX shall maintain the M-RETS System website through the term of this Agreement. MRETS, Inc. retains all rights to its domain name and shall have the right to pre-approve all text and images contained on the site.

11.2 Upon Termination of this Agreement the MRETS, Inc. Owned Information including the website domain name, registration and URL shall be transferred to MRETS, Inc.

11.3 To the extent that APX has received subscription or other fees from M-RETS or any Subscriber for a period of time extending beyond the effective date of Termination, APX shall transfer those fees to MRETS, Inc. within thirty (30) days of the effective date of Termination.

12.1 **Force Majeure.** Except for the obligation to pay money, neither party will be liable for any failure or delay in its performance under this Agreement due to any cause beyond its reasonable control, including act of war, terrorism, acts of God, earthquake, flood, embargo, riot, sabotage, labor shortage or dispute, governmental act or failure of the Internet, or other circumstances or causes beyond a party's reasonable control, provided that the delayed party: (a) gives the other party prompt notice of such cause, and (b) uses its reasonable commercial efforts to promptly correct such failure or delay in performance.

12.2 **Publicity.** Neither Party will use the other Party's name, logo, trademark or service mark in advertising or publicity without obtaining the other Party's prior written consent, which shall not be unreasonably withheld or delayed; provided, however, that APX shall have the nonexclusive right and license to use MRETS, Inc.'s name and trademarks as a client reference, and as part of APX's client portfolio, including a description of the Services provided to MRETS, Inc. by APX during the term of this Agreement. Neither Party may issue any public statements or announcements relating to this Agreement without the prior written consent of the other Party.

12.3 **Government Regulations.** Neither APX nor MRETS, Inc. shall export, re-export, transfer, or make available, whether directly or indirectly, any regulated item or information to anyone outside the U.S. in connection with this Agreement without first complying with all export control laws and regulations which may be imposed by the U.S. Government and any country or organization of nations within whose jurisdiction MRETS, Inc. operates or does business.

12.4 **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota, excluding any choice of law rules that direct the application of the laws of another jurisdiction, irrespective of the place of execution or performance.

12.5 **Severability.** In the event that one or more of the provisions of this Agreement shall for any reason be held to be unenforceable, such unenforceability shall not affect any other provision, and the Agreement shall be construed as if the unenforceable provisions had never been contained in the contract terms.

12.6 **Waiver.** The waiver of any breach or default of this Agreement will not constitute a waiver of any subsequent breach or default, and will not act to amend or negate the rights of the waiving party.

12.7 **Assignment.** Neither Party may assign or transfer this Agreement or any obligations hereunder without the prior written approval of the other Party. However, notwithstanding the foregoing, (a) upon written notice to APX, MRETS, Inc. may assign this Agreement in its entirety pursuant to a merger, acquisition or sale of all or substantially all of its assets; and (b) upon written notice to MRETS, Inc., APX may assign this Agreement, in whole or in part, pursuant to a merger, acquisition, spin-out or sale of all or substantially all of APX's assets that are related, in whole or in part, to the subject matter of this Agreement. Any attempted assignment in violation of this Section 12.7 shall be void. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

12.8 **Notices.** Any notice or communication required or permitted to be given hereunder shall be in writing and deemed duly served on and given (i) when delivered personally; (ii) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; (iii) upon delivery by fax or email with written facsimile or email confirmation; or (iv) one (1) day after deposit with a commercial overnight carrier, with written verification of receipt. Such notices shall be in writing and delivered to the address set forth below, or to such other notice address as the other party has provided by written notice.

To APX: APX, Inc.
111 River Street, Suite 1204
Hoboken, NJ 07030
Attention: Contracts Administration
Fax: (201)748-7901

To MRETS, Inc.: Midwest Renewable Energy Tracking System, Inc.,
c/o Public Service Commission of Wisconsin
610 North Whitney Way
Madison, WI 53707-7854
Attention: Chela O'Connor, President
Fax: ____________

With a copy to: Jennifer A. Forbes
Felhaber, Larson, Fenlon & Vogt, P.A.
444 Cedar Street, Suite 2100
St. Paul, MN 55101-2136
Fax: (651) 222-8905

12.9 **Relationship of Parties.** APX and MRETS, Inc. are independent contractors and this Agreement will not establish any relationship of partnership, joint venture, employment, franchise or agency between APX and MRETS, Inc. Neither APX nor MRETS, Inc. will have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent, except as otherwise expressly provided herein.
12.10 **Survival of Terms.** In addition to any other provisions specified in any applicable Reference Documents or Change Request, any terms of this Agreement, such as those contained in the sections entitled “Fees,” “Warranties,” “Confidential Information,” “Indemnification,” “Limitations of Liability,” “Intellectual Property,” and “General Provisions” which by their nature extend beyond its expiration or termination will remain in effect until fulfilled and will apply to respective successors and assignees of the parties. Any third party agreements entered into by APX on behalf of MRETS, Inc. that are not cancelled or assigned upon termination of this Agreement shall continue in effect in accordance with its terms.

12.11 **Claims Period.** Any claims one party has against the other related to this Agreement shall be brought within two (2) years following the termination of this Agreement.

12.12 **Entire Agreement; Counterparts.** This Agreement, the Reference Documents, Change Requests and applicable Exhibits, constitutes the complete and exclusive agreement between the parties with respect to the subject matter hereof, and supersedes and replaces any and all prior or contemporaneous discussions, negotiations, understandings and agreements, written and oral, regarding such subject matter. If there is any conflict between the terms and conditions of MRETS, Inc.’s purchase order (or any other purchase or sales document) and the terms and conditions of this Agreement, this Agreement shall control. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument.

12.13 **No Third-Party Beneficiaries.** This Agreement is made and entered into for the sole protection and legal benefit of the Parties and their permitted successors and assigns. APX acknowledges that MRETS, INC. has been designated a nonprofit tax exempt entity on the basis of its impact of lessening the burden on state government by overseeing the maintenance and operation of the renewable energy tracking system. As a result, those states in which Subscribers are located and which are participating in the MRETS, INC. tracking system are intended third party beneficiaries of this Agreement. Without limiting the foregoing, The Public Service Commission of Wisconsin shall retain its right to review and monitor the fees charged by APX to MRETS INC. Subscribers under this Agreement. No other person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

12.14 **Amendment.** This Agreement shall be modified or amended only by a written instrument executed by the Parties and shall not be modified by course of performance or any usage of trade. Any such modifications or amendments shall not be effective, and performance under such modification or amendment is not required, unless mutually agreed and memorialized in a sufficient writing signed by both Parties. The obligations of the Parties shall be unaffected by amendments that do not conform to this foregoing process.

The authorized representatives of the Parties have executed this Agreement as of the dates below.

**APX, Inc.**

Signature: ____________________________
Print Name: ____________________________
Title: ____________________________
Date: ____________________________

**Midwest Renewable Energy Tracking System, Inc.**

Signature: ____________________________
Print Name: ____________________________
Title: ____________________________
Date: ____________________________
EXHIBIT 1
FEE STRUCTURE