

Invitation to Tender for the Provision of Flexibility Services

September 2020



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SP Energy Networks
320 St Vincent Street
Glasgow, G2 5AD

7th September 2020

Dear Provider,

Invitation to Tender for the Provision of Flexibility Services

You are hereby invited by SP Distribution Plc, a company registered in Scotland with number SC189125 and having its registered office at 320 St Vincent Street, Glasgow, G2 5AD and SP Manweb plc, a company registered in England and Wales with number 02366937 and having its registered office at 3 Prenton Way, Prenton, CH43 3ET, (each referred to as the "Company"), to submit a tender for the Provision of Flexibility Services.

This Invitation to Tender ("ITT") pack comprises the following documents:

- This Invitation to Tender letter
- Part 1 – Tender Scope Information
- Part 2 – Policies
- Part 3 – Flexibility Services Agreement Template
- Part 4 – Pre-Tender Registration and Pre-qualification
- Part 5 – Bid Assessment

Please check that all of these documents are present and contact the Company using the details given in this letter to obtain any missing sections. To avoid delay in preparing your tender, you are advised to do this as soon as possible.

Completion of Tender Documents

Please note that tenders must be submitted in accordance with the policies listed in Part 2.

The latest copies can be accessed via the following link:

https://www.spenergynetworks.co.uk/pages/corporate_policies.aspx

Tenders must be submitted in the English language and priced in pounds sterling.

Tenderers should ensure that they have fully read and understood all Parts included in this ITT. All Tenderers must consider the requirements of this ITT and ensure that their Tenders comply with the same. Tenderers must provide any information required. Failure to do so may result in a Tender being deselected as it is not complete. In particular, Tenderers MUST provide any information required where appropriate in the format prescribed in this ITT.

Tenderers are responsible for ensuring that they have completed their Tender fully and accurately and that prices quoted are arithmetically correct for the Services stated. Once the submission deadline set out below has expired, there will be no opportunity for Tenderers to access their Tender or make any amendments thereto. In the event that any Tenderer considers that its Tender contains any manifest error, Tenderers should advise the Company in writing via e-mail as quickly as possible to flexibility@spenergynetworks.co.uk.

It shall be at the discretion of the Company whether or not to accept any corrections, however please note that no corrections will be accepted by the Company once evaluation of Tenders has been completed.

The Company will not be responsible for any expenses incurred in the preparation of any Tender, or in attending any pre and/or post tender meetings, site visits or tender clarifications. No reimbursement shall be made by the Company whether or not an award of a Contract is made.

Submission of a Tender will imply acceptance of the provisions contained in this Invitation to Tender without qualification. Any attempt to qualify any of the provisions of the Invitation to Tender, expressly or implied, may result in a Tenderer being disqualified.

Canvassing/Collusion

When preparing your tender:

Except as specifically authorised by the Company, Tenderers shall not approach staff of the Company or staff of the Company's advisers with a view to providing information in respect of any part of their submission or proposals or attempting to support or enhance their prospect of being selected as a preferred supplier.

You should certify that your tender is a bone fide tender and that it has not been adjusted by agreement or by arrangement with any other party. Furthermore, your tender should certify that you did not, in connection with this procurement:

- enter into any agreement or arrangement with any person (other than, where relevant, a member of its own consortium) with the aim of fixing or adjusting the amount of any Tender or the conditions on which any Tender is made; or
- enter into any agreement or arrangement with any person with the aim of preventing Tenders being made; or
- cause or induce any person to enter such agreement as is mentioned in above; or
- canvass any of the persons referred to above; or
- offer or agree to pay or to give or pay or give any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other Tender or proposed Tender any act or omission; or
- Communicate to any person other than the Company the amount or approximate amount of its proposed Tender (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of the Tender or professional advice required for the preparation of a Tender).

Any breach of the above matters may lead to the exclusion of one or all Tenderers involved at the discretion of the Company.

Furthermore, any breach of these foregoing provisions which are proven to be a breach of the UK and EU competition legislation will result in termination of any contract that is awarded under the terms of the Contractor Default provisions contained in any such contract. For the avoidance of doubt, this provision shall not restrict, prevent or otherwise affect the Company from exercising its rights of termination under any contract.

Canvassing

A Tenderer shall not, in connection with this procurement:

- offer any inducement, fee or reward to any employee or officer of the Company or any person acting as an advisor for the Company in connection with this procurement; or
- do anything which would constitute a breach of the Prevention of Corruption Acts 1889 to 1916; or
- canvass any of the persons referred to above; or
- contact any employee or officer of the Company about any aspect of the procurement, except as authorised by this Invitation to Tender, including (but without limitation) for the purposes of soliciting information in connection with the procurement.

The Company may, at its discretion, disqualify any Tenderer that breaches this condition (without prejudice to any other civil remedies available to the Company and without prejudice to any criminal liability, which such conduct by the Tenderer concerned may attract).

Confidentiality and Publicity

Tenderers shall not disclose their Tender in whole or in part to any third party prior to either the award of the Contract by the Company or on receipt of notification that the Tender has not been accepted.

This ITT will be public. Any tenders, whether accepted or not, may be published by the Company.

Sufficiency & Accuracy of Tender

Tenderers will be deemed to have examined all the documents and by their own independent observations and enquiries will be held to have fully informed themselves as to the nature and extent of the requirements of the Invitation to Tender.

Tenderers are cautioned to check the accuracy of their Tender prior to submission. A tender found containing any clerical errors or omissions may, at the sole discretion of the Company, be referred back to the Tenderer for correction. Any subsequent adjustment(s) must be confirmed in writing. The Company reserves the right to disqualify incomplete Tenders.

Process for Questions / Clarification

All technical and commercial queries relating to this ITT **must** be submitted via email to support@picloflex.com.

Any requests for clarification or assistance must be made a minimum of five (5) working days before the deadline for submission of Tender set out below. No queries or questions will be answered by the Company within the three (3) day period before the said deadline.

The Company's response to all queries received will be published on the Picloflex website <https://support.picloflex.com/article/40-spen-winter-2020-competition>.

Tender Return

Tenders must be submitted by no later than 17:00 on 30th October 2020 ("Tender Closing Date"). The Company may at its absolute discretion extend the Tender Closing Date to Tenderers. No submission of Tenders after that time will be permitted.

The Tenderer shall submit the tender through the Picloflex platform at www.picloflex.com.

Modification by the Company

Any advice or any modification to the Invitation to Tender shall be issued as soon as possible before the date fixed for return of tenders and shall be issued as an addendum. This addendum shall be deemed to constitute part of the Invitation to Tender.

Incurred Tender & Other Expenses

The Company shall not be responsible for, or pay any costs and expenses which may be incurred by the Tenderer in connection with the preparation and submission of their Tender, including the attendance at any Pre or Post Tender meetings, site visits, negotiations etc.

Currency of Tender

The currency in which all prices and rates shall be tendered, and which payments under the Contract will be paid, shall be Pounds Sterling. All prices and rates quoted should be exclusive of VAT.

Right to Reject, Vary or Cancel Process

The issue of this Invitation to Tender in no way commits the Company to award any contract pursuant to the tendering process. The Company reserves the right not to accept part or all of any Tender received. Nothing in this Invitation to Tender shall oblige the Company to award a contract and the Company shall be able to withdraw from the tendering process at any stage.

The Company shall not be liable for any costs incurred by, or losses suffered by, any Tenderer under any circumstances.

The subject matter of this Invitation to Tender shall only have any contractual effect when it is covered and contained in the express terms of an executed contract. Any such contract will be governed by Scots law.

The Company reserves the right, subject to relevant legislation, and at any time, to reject any Tender and/or to terminate discussions with any Tenderer.

The Company reserves the right (without liability) to cancel the selection and evaluation process at any stage, to amend the terms and conditions of the tender process and to require a Tenderer to clarify its submission in writing and/or provide additional information.

Tender Validity

All Tenders must be held open for acceptance for a period of 90 days, from the deadline for receipt of Tenders set out above.

Pre-Tender Registration and Pre-qualification

To submit a tender, all Tenderers must, by the Prequalification Deadline:

- (a) Register on the Picloflex platform by completing the necessary registration information and be accepted by the Company ("DPS Registration"); and
- (b) Upload assets onto the Picloflex platform, completing all the required information in relation to each asset and for the asset to be accepted by the Company.

Further details can be found in Part 4.

Timetable

The following timetable shows the timescales for completion of the various stages of this procurement.

Activity	Indicative Timescales
Prequalification Open	7th September 2020
Prequalification Deadline	9th October 2020
Bids Open	26th October 2020
Tender Closing Date	30th October 2020
Contract Award	21st December 2020

In order to allow appropriate time for analysis, selection, implementation, and communication Tenderers must meet all of the specified deadlines. It shall be open to the Company to amend this timetable at any time.

Award Notification

The successful and unsuccessful Tenderers will be notified by the Company via the Picloflex platform by the Contract Award date. It shall be open to the Company to amend this date at any time.

Disclaimer

The information in this ITT is provided for information only. No representation, warranty or undertaking, express or implied, is or will be made and the Company shall have no responsibility or liability as to or in relation to the accuracy or completeness of this ITT or any other written or oral information made available to any party (Tenderers) responding to this ITT or their advisers. No information contained in this ITT will form the basis of any warranty or representation made by or on behalf of the Company to any Tenderer.

Information in this Invitation to Tender, together with any other information to be provided at any time during the procurement process, is provided in the interests of assisting the Tenderers to develop relevant Tenders. It is intended only as an explanation of the Company's requirements and is not intended to form the basis of the Tenderers' decisions on whether to enter into any contractual relationship with the Company.

Accordingly, information provided does not purport to be all-inclusive or to contain all the information that a prospective Tenderer may require. The Tenderers and their advisors must take their own steps to verify information which they use and must make an independent assessment of the opportunity described in this Invitation to Tender after making such investigation and taking such professional advice as they deem necessary.

None of the Company's directors, officers, employees, agents or advisors or representatives who are involved with the procurement process shall be considered to make or be deemed to have made any representation or warranty as to the adequacy, accuracy, reasonableness or completeness of the information provided. The Company does not exclude any liability that it may have for fraudulent misrepresentation or any other liability not capable of being excluded by law.

The Company shall not be liable for any loss or damage arising as a result of reliance on the information provided or other information subsequently provided, nor for any expenses incurred by the Tenderers at any time. No third party has been or will be authorised to accept or agree to accept on behalf of the Company any such liability.

No response made by or on behalf of the Company to any response to this ITT shall constitute an agreement or contract between the Company and any Tenderer unless expressly stated to that effect by the Company.

All bids are to be submitted via the Picloflex platform, instructions on how to submit bids are available on the Picloflex website (www.picloflex.com).

I look forward to hearing from you.

Yours faithfully



Graham Campbell
Head of DSO

Email: Flexibility@spenergynetworks.co.uk

Part 1 – Tender Scope

1. Introduction

SP Energy Networks (SPEN) owns and operates the electricity distribution networks in Central and Southern Scotland (our SP Distribution network) and North Wales, Merseyside, Cheshire, and North Shropshire (our SP Manweb network). Through our two networks of underground cables, overhead lines and substations we provide 3.5 million homes, businesses and public services with a safe reliable and efficient supply of electricity.

To meet evolving customer needs and system challenges whilst ensuring we continue to provide a safe, reliable and efficient service, SPEN are developing smarter, more flexible network solutions to help mitigate the need for traditional reinforcement and reduce costs for customers.

Resources connected to our networks can provide services to assist in key areas that have specific challenges during periods of network constraint, and we are committed to exploring markets for flexibility with new and existing customers who are able and willing to control how much they generate, or who can control their demand.

We are currently looking to procure flexibility services to assist particular areas of network within both the SP Distribution and SP Manweb distribution areas during times of constraint for the period 2023 to 2028.

2. Flexibility Services

Flexibility means the ability to modify energy generation and/or consumption patterns in reaction to an external or scheduled signal.

Of the four standard industry products developed by the Open Networks project, as part of this tender we are looking to procure the following:

Active Power Service	Definition
Sustain	The Network Operator procures, ahead of time, a pre-agreed change in input or output over a defined time period to prevent a network going beyond its firm capacity. This is a scheduled service therefore we would pay for Utilisation only.
Dynamic	The Network Operator procures, ahead of time, the ability of a Service Provider to deliver an agreed change in output following a network abnormality. For this product we would pay Availability and Utilisation charges.
Restore	Following a loss of supply, the Network Operator instructs a provider to either remain off supply, or to reconnect with lower demand, or to reconnect and supply generation to support increased and faster load restoration under depleted network conditions. We offer Utilisation only payments for this product.

In addition, SPEN will once again be looking to procure Reactive Power Services in a number of locations within the SP Manweb licenced area.

Part 1 – Tender Scope continued

3. Tender Timetable

The following table shows the timescales of the various stages of this procurement round:

Step	Timeline
Prequalification Open	7th September 2020
Prequalification Deadline	9th October 2020
Bids Open	26th October 2020
Tender Closing Date	30th October 2020
Contract Award	21st December 2020

SPEN reserves the right to amend this timetable at any time.

4. Service Requirements

The detailed Service Requirements are as per those uploaded on to the Picloflex platform www.picloflex.com.

In addition and for information, a copy of the requirements are appended to this document:

- **Appendix 1** – SP Distribution Service Requirements
- **Appendix 2** – SP Manweb Service Requirements

Should the requirements on the Picloflex platform differ to those included in Appendix 1 and 2, the requirements uploaded on Picloflex shall take precedence.

An interactive map is also available on our website www.spenergynetworks.co.uk/pages/flexibility and a postcode checker is included as Appendix 3 to this document.

5. Flexibility Services Agreement

By submitting a bid, Service Providers are confirming their acceptance if their bid is accepted to enter into a Flexibility Services Agreement on the terms included in Part 3.

For avoidance of doubt, the Flexibility Services Agreement is as per that included in Part 3, the Schedules to the Agreement will be updated to reflect the service contracted for however the Conditions will only be updated at the sole discretion of the Company.

6. Bids Submitted

Instructions on how to submit bids on the Picloflex platform are available at www.picloflex.com.

- Service Providers can submit individual bids for the different Service Requirements within each area.
- MWs/MVARs can be offered in smaller volumes with either a single price or split price offered.
- Bids must be for the whole service window of the individual Service Requirements.

7. General

Please note the following:

By submitting a bid, Service Providers are confirming their acceptance of the terms and conditions of this Invitation to Tender.

Contract Award does not guarantee that the Provider will be Utilised during a contracted service window.

Part 2 – Policies

Please note that tenders must be submitted in accordance with the Company policies.

The latest copies can be accessed via the following link:

https://www.spenergynetworks.co.uk/pages/corporate_policies.aspx

Part 3 – Flexibility Services Agreement

By submitting a bid, Service Providers are confirming their acceptance if their bid is accepted to enter into a Flexibility Services Agreement on the terms contained in the following templates appended to this document:

- **Appendix 4** – SP Distribution Flexibility Services Agreement Template
- **Appendix 5** – SP Manweb Flexibility Services Agreement Template

The above templates reflect the common Flexibility Services Agreement template developed by the Open Networks project.

For avoidance of doubt, the Flexibility Services Agreement is as per that included in this Part 3, the Schedules to the Agreement will be updated to reflect the service contracted for.

Part 4 – Pre-tender Registration and Pre-qualification

The Company is utilising the Picloflex platform to run the tender process for this ITT. Picloflex can be accessed via the following link: www.picloflex.com

Pre-tender Registration

Picloflex is operating a Dynamic Purchasing System and for Providers wishing to take part in this tender they will first need to register on the Picloflex platform. Details on how to do this can be found at www.picloflex.com.

Specific company information is required and once completed, the Company will review and accept or reject the application. Accepted registration must be in place before a bid can be made. This process is managed via the Picloflex platform.

Pre-qualification

To take part in this ITT, Providers will need to upload assets on to the Picloflex platform by the pre-qualification deadline. Details on how to do this can be found at www.picloflex.com.

Once uploaded, the Company will review the details provided and accept or reject the asset based on location and capacity. Only assets accepted before the tender window opens can submit a bid.

If insufficient capacity is uploaded on to the platform for a particular tender location by the pre-qualification deadline, all assets in that location will be rejected as the location will not progress to competitive tender.

There is no charge for Providers to register or upload assets on to the Picloflex platform.

Part 5 – Bid Assessment

DPS Registration and Asset Prequalification

In order to bid, all providers must be registered and accepted on the Picloflex platform.

Qualifying assets will be identified by Picloflex based on the following criteria:

- Postcode (and buffer zone)
- Voltage level
- Minimum capacity threshold
- Registered on the platform before pre-qualification ends

The Company will assess if sufficient capacity has been uploaded on to the platform for a particular tender location by the pre-qualification deadline, if insufficient capacity is available all assets in that location will be rejected as the location will not progress to competitive tender.

Bids received from registered providers with qualifying assets will be subject to the following assessments:

1. Technical Assessment

The suitability of the asset will be assessed against, but not limited to, the following criteria:

Checklist		
1	Connection Agreement Check	Does the connection terms preclude/conflict with the Service offered?
2	Capacity Check	Can the minimum (MW or MVar) qualifying threshold of the service relative to the defined baseline be met, and delivered within the confines of the existing Connection Agreement?
3	Connection Status Check	Will the assets be connected to the network from at least 1 month prior to the first service window and be capable of importing/exporting?
4	Service Availability Check	Can the assets deliver the service on instruction?
5		Are the assets available for the entire service window?
6		Can the required response time be met?
7		Can the maximum service duration be met?
8		What is the service recovery time?
9	Metering Check	Will minute-by-minute metering of sufficient accuracy to allow the provision of the service to be monitored be installed at the boundary between the site at which the asset(s) is installed and the Company's networks from at least one month before the first service window?
10	Communication Check	Will there be a single point of communication and control between SPEN and the Service Provider?
11		Will the Service Provider be able to receive instructions by the agreed method and have appropriate systems and processes in place to deliver the service?

Part 5 – Bid Assessment continued

2. Commercial Assessment

The value of the bid will be assessed against the cost of alternative options to ensure that the solution chosen is the most cost efficient for our customers.

Bids will be accepted/rejected via the Picloflex portal.



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spenergynetworks.co.uk