

Black Start Competitive Procurement Event

Request for Expressions of Interest (EOI)

Executive summary

National Grid Electricity System Operator (ESO) proposes to introduce a new market mechanism for the procurement of Black Start contracts, in the form of a tender process. Following a request for feedback on the proposal, the approach has been finalised and the ESO requests interested parties to formally submit an Expression of Interest (EOI). An accepted EOI is a mandatory prerequisite to participation in the tender. By submitting an EOI, you agree to the tender rules.

Key Dates

4 Feb

ESO requests EOI

29 Mar

Deadline for submitting EOI

Background

ESO has an obligation to maintain the capability to restore the National Electricity Transmission System (NETS) of Great Britain (GB) from a full or partial black out event. Our approach for meeting this obligation is outlined in our published Black Start Strategy and Procurement Methodology documents (available at nationalgrideso.com). As set out within these documents, we are trialling a tender process in the South West and Midlands Black Start Zones to encourage new market entrants to participate and to promote competition.

Ultimately, it is our aim to create a tendered market for the provision of Black Start contracts across GB, to broaden participation and provide a route to market for both existing and new providers, which would drive competition and transparency.

Purpose of requesting EOI

The EOI process enables the ESO to identify and confirm eligible tenderers ahead of the formal invitation to tender, which allows all parties to resource plan accordingly, and avoids unnecessary resource deployment.

What's inside?

- **Part 1** – ESO requests Expressions of Interest
- **Part 2** – Tender Information and Rules – ‘What am I tendering in for?’
- **Part 3** - EOI Process, Instructions and Questions –what information we’re asking for and why this is important, how to complete and submit your EOI
- **Schedule 1** – List of EOI Appendices
- **Schedule 2** – List of Tender Documentation

Part 1 – Request for EOI

ESO invites Expressions of Interest

ESO will hold a competitive procurement event to procure against our restoration requirement for the South West (SW) and Midlands zones for services commencing in April 2022. We invite and encourage those interested in participating in the procurement event to submit an EOI for consideration.

Submission (and acceptance) of an EOI is a mandatory prerequisite of participation in the tender.

Parties should submit their EOI to ESO using 'Appendix 1 – Submission Template', and following the instructions provided therein. This should include a brief description of the project and responses to each section. If attachments are required, they should be clearly referenced within the submission template, and labelled with a corresponding reference. Any attachments not explicitly referenced will not be considered.

The deadline for submitting the EOI is 29 March 2019 at 5pm.

For absolute clarity, this request for Expressions of Interest for the SW and Midlands procurement event is entirely separate from the Black Start from DER NIC Project. If you are interested in the DER trials, please contact the team via commercial.operation@nationalgrid.com and ask about 'NIC – Black Start from DER'.

Acceptance of EOI and Invitation to Tender (ITT)

All providers who meet the agreed standard will receive an Invitation to Tender (ITT). To meet this standard, providers must:

- Meet the technical requirements, or have a derogation assessed and approved by ESO through EOI.
- Agree to the mandatory statements
- Accept the terms and conditions of 'TD3 – Feasibility Study Agreement' and 'TD7 – BS Service Contract Terms (DRAFT)', and agree to return 'Appendix 3 – Contract Declaration', and where necessary, 'Appendix 4 – Contract Deviation Table'.
- Agree to not to disclose the potential Black Start status, not to discuss the tender submission, and to sign 'Appendix 5 - Non-Disclosure Agreement' (NDA) by **19 April** (a draft copy will be issued with the EOI, and an engrossed copy for signature will be issued after the EOIs have been submitted). Providers who fail to sign and return the NDA by the deadline will not be invited to tender.

Once all EOIs have been assessed, ESO will issue notifications to tenderers to inform them of the outcome. Providers who do not meet the agreed standard will be notified, and will not be eligible to receive an invitation to tender.

Systems and communications

For the purpose of the EOI, all publications from NGESO will be made available on our website. All communications from potential providers (including submission of the EOI) are to be made by email to commercial.operation@nationalgrid.com

We may move to an online platform for ITT for communications and file sharing. If this is the case, we will contact providers to request required information to provide access to the system.

Submission of Queries

Please submit any questions you have using 'Appendix 6 – Query Form'. We expect to anonymise queries and share the responses on our website as far as possible. If you believe your query is confidential, please state this on the query form along with your justification. Where NGESO does not agree that a query should be confidential, they will present two options to the provider, either for the response to be shared, or for the provider to withdraw the question.

We will work to a turnaround time of 5 working days for all queries received. The deadline for all queries is 5 working days before the submission deadline.

Updates to contract terms

The contract terms for the Black Start service are in the process of being updated. A number of these updates have been made and included in 'TD7 – BS Service Contract Terms DRAFT', which are available to review.

In this document, the testing clauses have been deleted. These clauses are under further development primarily to simplify and make them clearer, and will be **available to review on 14 Feb 2019**. The principles of the changes being developed are:

- In order to fairly assess the total cost of all submissions, the cost of Grid Code prescribed testing will be covered by the provider as part of their overall costs (providers will be asked in their commercial submission to explain the methodology they have used to account for these costs). System costs will continue to be undertaken via NGESO and the market.
- Simplification of current drafting to clarify process

Providers should still return the contract declaration form by the EOI submission deadline if they wish to participate.

Further updates

The System Restoration Plan was issued by NGESO in December 2018, to meet our obligations under the European code Emergency and Restoration issued in December 2017. Our current perception is that this will change a number of requirements placed upon a Restoration Service Provider, including the assurance and testing requirements. Through 2019 we will be raising the associated GB Licence and Code modifications to implement this System Restoration Plan by 18 December 2019.

As our proposed modifications are consulted upon and feedback is received, we will provide updates as appropriate to the tender process and terms, and ensure that sufficient time is given for commercial offers to be updated as appropriate.

Part 2 - Tender Information and Rules

By submitting an EOI and participating in the tender, you accept that you understand the information given and agree to be bound by the tender rules.

Summary

The aim of the competitive procurement event is to contract in line with our requirement for restoration services in the SW and Midlands zones. The contract duration is five years.

The number of contracts to be awarded will depend on the submissions that are received.

Timeline

| Stage | Date |
|--------------------------------------|----------------------------|
| Request for EOI | 4 Feb 2019 |
| Updated 'TD7 – Terms' available | 14 Feb 2019 |
| EOI Deadline | 29 Mar 2019 |
| EOI Assessment Period | 1 – 30 Apr 2019 |
| NDA Return Deadline | 19 April |
| Invitation to Tender | 1 May 2019 |
| F1 and F2 scope submission period | 1 May – 31 July |
| F1 and F2 scope deadline | 31 July |
| F1 and F2 scope assessment period | 1 Aug – 30 Sep 2019 |
| F2 submission period | 1 Oct 2019 – 30 April 2020 |
| Tender evaluation and clarifications | 1 May 2020 – 30 June 2020 |
| Contract Award | 30 Jun 2020 |
| Build/Install | 1 July 2020 – 31 Mar 2022 |
| Service commencement | 1 April 2022 |
| Service expiry | 31 Mar 2027 |

Tender Rules

By submitting an EOI, and/or participating in the tender, you are agreeing to be bound by the rules of the tender process, and confirm that you meet all of the technical requirements and eligibility criteria listed within 'TD1 – Technical Requirements and Assessment Criteria', and within this Request for EOI document.

By submitting an EOI, and/or participating in the tender, you are agreeing to the terms of the service contract without further negotiation or material amendment (save for changes necessary to reflect the type

and technical characteristics of the tendered plant). As part of the EOI, you will need to complete and return 'Appendix 3 – Contract Declaration'. Should you have any concerns or queries relating to the contract, you should specify these using 'Appendix 4 – Contract Deviation Table'. This is the only opportunity to raise issues for consideration, though NGESO is under no obligation to accept any proposed changes.

The providers who are awarded contracts are expected to deliver the service no later than 1 April 2022, and to maintain the Black Start capability and to deliver the service until 31 Mar 2027.

By submitting an EOI and/or tender, you consent to your F2 submission being shared with a third party for verification during tender evaluation.

A 'provider', meaning one legal entity, may submit EOIs and tenders for more than one site, but must not submit multiple tenders for the same site/asset. We expect the provider to perform their own options assessment, using the provided technical assessment criteria, and to submit the best value option.

By submitting an EOI and/or tender response in connection with this competitive procurement event, potential providers confirm that they will, and that they shall ensure that any consortium members and/or subcontractors will, comply with all applicable laws, codes of practice and statutory guidance.

Information that is supplied to potential providers as part of this competitive procurement event is supplied in good faith. The information contained in the Request for EOI, and any supporting or subsequent documents and in any related written or oral communication is believed to be correct at the time of issue but NGESO will not accept any liability for its accuracy, adequacy or completeness and no warranty is given as such.

Potential providers are responsible for analysing and reviewing all information provided to you as part of this competitive procurement event and for forming your own opinions and seeking advice as you consider appropriate. You should notify NGESO promptly of any perceived ambiguity, inconsistency or omission in this Request for EOI ITT and/or any associated or subsequent documents and/or in any information provided to you as part of this competitive procurement event through the query process.

At any time prior to the Tender Submission Deadline, NGESO may amend the ITT. Any such amendment shall be issued to all potential suppliers, and if appropriate to ensure potential suppliers have reasonable time in which to take such amendment into account, the Tender Submission Deadline shall, at the discretion of NGESO, be extended. Your tender response must comply with any amendment made by NGESO or it may be rejected.

A tender response or any other document submitted part of the tender exercise may be rejected if it:

- contains gaps, omissions, misrepresentations, errors or uncompleted sections;
- contains hand written amendments which have not been initialled by the authorised signatory;
- does not reflect and confirm full and unconditional compliance with all of the documents issued by NGESO forming part of the ITT;
- contains any caveats or any other statements or assumptions qualifying the tender response that are not compliant for evaluation in accordance with any documents issued by NGESO in any way;
- is not submitted in a manner consistent with the provisions set out in the Request for EOI, ITT or any subsequent or supporting documents;
- is received after the Tender Submission Deadline.

NGESO reserves the right to disqualify from the tender process any provider if they breach these tender rules, if there are any errors, omissions or material adverse changes relating to any information supplied by

you at any stage in this competitive procurement event, and/or if your staff, partner companies, sub-contractors and advisers attempt:

- to inappropriately influence this competitive procurement event;
- to fix or set the price for the black start service;
- to enter into any arrangement with any other party that such party shall refrain from submitting a tender response;
- to enter into any arrangement with any other party (other than another party that forms part of your consortium bid or is your proposed sub-contractor) as to the prices submitted;
- to collude in any other way;
- to engage in direct or indirect bribery or canvassing by you or your appointed advisers in relation to this competitive procurement event

Providers are responsible for obtaining all information necessary for preparation of tender responses and for all costs and expenses incurred in preparation of the tender response (save for those explicitly agreed to by NGESO as part of the F2 process). You accept by your participation in this procurement event, including without limitation the submission of a tender response, that you will not be entitled to claim from NGESO any costs, expenses or liabilities that you may incur in tendering for this procurement irrespective of whether or not your tender response is successful.

NGESO is not bound in any way to enter into any contractual or other arrangement with you or any other potential provider. NGESO reserves the right to terminate, suspend, amend or vary (to include, without limitation, in relation to any timescales or deadlines) this competitive procurement event by notice to all potential providers in writing (if cancelled post ITT), and through our website (if cancelled before ITT).

Eligibility - Technical

To be eligible to participate in the competitive procurement event, providers must meet the technical requirements, which are clearly defined in 'TD1 - Technical Requirements and Assessment Criteria', as well as comply with the eligibility criteria set out here (as applicable).

Limitations

If a potential provider has a limitation on one of the technical requirements, (where this is dependent on network or DNO factors) but can meet the others, we will allow Expressions of Interest to be submitted, and where possible, ESO will assess whether a provider could contribute, we want to enable wider participation where possible, but it will be entirely at the discretion of ESO to confirm whether a provider not meeting all the requirements will be eligible to participate.

If a potential provider has a limitation on one of the technical requirements that it intends to bring up to the required level through the competitive procurement process, (for example, the addition of auxiliary units), this must be specified in the EOI. The provider must also indicate whether they intend to recover capital costs for the works (rules on capital are covered further in the assessment criteria).

Combined Services

Combined services are delivered by two parties who already have separate components of black start capability, which can be co-ordinated to deliver a full service, for example, where one party has self-start capability, it can provide the start-up supplies for another party who is able to block load large MW volumes.

If a party cannot meet the technical requirements on their own, but may be able to combine with another party to do so, we will allow tenders where one 'lead' party contracts with ESO, and will have its own contractual arrangements with the secondary party/parties (though ESO will need to understand the contractual basis between the lead and secondary parties). This may also include interconnectors, where an agreement for provision of active power with the respective TSO will need to be in place ahead of tender submission deadline.

Aggregated Submissions

Aggregated submissions will also be considered, providing that all assets must be aggregated to one point of delivery, and must at that point of delivery still be able to meet all of the technical requirements.

Location

The map below shows the boundaries of the SW and Midlands zones. These boundaries have always been flexible, and to allow us to focus on national restoration times, we encourage providers who sit on or outside the boundaries to contact NGESO for assessment. NGESO will assess the surrounding network to understand whether the provider could still contribute to the SW or Midlands despite being outside the boundary, and where possible, will allow them to participate. This assessment will be at the discretion of NGESO.



Process

4 February 2019 – Expressions of Interest (EOI) requested

29 March 2019 – Expression of Interest deadline

To allow ESO to determine the level of interest in the Black Start Tender, all EOIs must be submitted by 5pm on 29 March. EOIs submitted after this date will not be considered.

1 May 2019 – Invitation to Tender

The formal invitation to tender will be released to all providers who have met the EOI submission deadline and accepted and met the minimum/mandatory criteria. At this stage, all other tender documentation will be available, and the feasibility process will commence.

May - July – Stage One Feasibility Study (F1)

The first stage of the tender requires submission of the F1, along with a scope of works for the more detailed F2. The F1 should summarise the known information about the plant, and its capability or potential to provide a Black Start service.

If a provider has already delivered an approved F1 and had this confirmed in their EOI acceptance, they will not need to duplicate this work. They should resubmit the original study for completeness, but should also complete the F1 template with references to where in the original study the requirement was covered.

In parallel to the F1 report, a scope of work for the F2 (F2 Scope) should be produced. The F2 Scope will include details of the works required to prove the Black Start capability of the plant, along with details of associated costs. The full requirements for the F2 are detailed in the F2 outline document which is available to review during this feedback period.

National Grid will make a capped contribution of up to £150,000 to these studies (in line with historical spend) which will be contractualised with a side letter agreement. Providers are expected to minimise these costs to reduce the impact on the end consumer, and will only be reimbursed for costs once invoices and supporting evidence of costs incurred are received and validated by ESO. Costs will be reimbursable following closure of the F2 assessment period, and following satisfactory responses to all clarifications being issued by ESO during the assessment period.

31 July 2019 – F1 and F2 Scope Deadline

All documents must be submitted by 5pm on 31 July, submissions made after this date will not be considered.

30 September 2019 – F1 and F2 Scope Outcome

After reviewing the submissions, those providers who meet the agreed standard outlined in the assessment criteria, and receive budgetary approval will proceed to the next stage of the tender. This will be formalised with a side letter contractualising the terms of the agreement, and an instruction to proceed with the F2.

Oct 2019 – April 2020 – F2 Submission Period

The F2 report will be accompanied by a technical and commercial bid submission which combined will form the tender submission. The F2 report itself should sufficiently prove that the provider's plant does have Black Start capability, or will have Black Start capability subject to proposed changes detailed in the report. As with the F1, if confirmed in their EOI acceptance that a previous study is satisfactory, there will be no need to duplicate this work.

30 April 2020 – F2 Deadline

All documents must be submitted by 5pm on 30 April, submissions made after this date will not be considered.

May 2020 – June 2020 – Assessment and Clarification Period

Following tender submission, all tenders will be reviewed, and technical clarifications specific to tendered information will be issued to individual providers. These clarifications will be documented as each submission is reviewed, but issued to all tenderers at the same time, to ensure no advantage is gained. All tenderers will be given the same amount of time to respond to clarifications on their tenders.

During this period, feedback will also be given on the commercial submissions, and tenderers will be given the opportunity to provide clarification and refine their submission. All tenderers will be given equal opportunity and time to do so.

30 June 2020 – Contract Awarded

Contract/s will be awarded, and decision will be communicated to tenderers. Post-award, we expect to publish elements of the outcome of the tender, potentially including MW volume, technology type and price, in line with security requirements, the owners of the awarded contracts will not be revealed.

July 2020 – Construction Phase

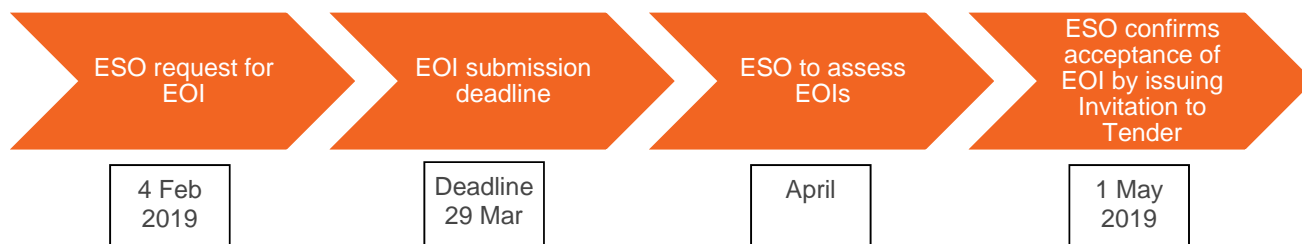
We have allowed 21 months for the construction of assets where this is required. Where a provider can deliver a service ahead of that without incurring excessive cost, we invite them to notify us within their submission, and where possible and economic, we may be able to agree an earlier target commencement date.

1 April 2022 – Service Commencement

Once construction has completed, the Black Start contract will commence following successful completion of a commissioning test.

Part 3 – EOI Process and Questions

Timeline/Process



Based on your feedback, we have extended the submission period for the EOI by 1 month. **The new deadline is 29 March at 5pm.** Late submissions will not be considered, please do not leave your submission until the last minute.

Submission Instructions

Please carefully follow the instructions to avoid submitting a non-compliant EOI. Non-compliant EOIs will not be considered for progression to ITT and feasibility assessment.

All EOIs must be made using the templates provided. Appendices 1 – 4 must be completed and returned by 29 March. Engrossed versions of Appendix 5 will be issued after EOI submission and must be signed and returned by 19 April. Appendix 6 must be used to submit queries.

Columns 1 – 4 will provide information about the question and required response. Column 5 is to be completed by the potential Black Start service provider.

Please ensure to provide your responses in the response format stated, and that all specified appendices are completed and returned.

Please ensure you submit your EOI including all appendices and any clearly labelled attachments by email to commercial.operation@nationalgrid.com, clearly marked as 'EOI BS' and FAO Sophie Corbett.

Example Question and Response

| Question | Response Format | Provider to complete and return: | Response |
|---|--|---|---|
| 1. Does the proposed project meet the stated technical requirements? Are there any limitations with regard to meeting the technical requirements? | Complete and return Appendix 2 and state the document title in column 5 (the file in the submission must be clearly labelled, eg. 'Company Name – Project Name - Appendix 2'). | Appendix 2 – EOI Technical Requirements | <i>Example:.</i> <i>See document titled 'Company X Appendix 2' in our submission</i> |

Questions

The following table outlines the questions included in the EOI Submissions template and for each question explains why we need the information requested and how it will be assessed.

| Question/Information Required | Why do we need this information | How it will be assessed |
|---|--|--|
| Brief project summary of no more than 500 words to include: Description of current plant and capability. Description of how planned Black Start capability would be achieved. | Context | For information |
| Please provide the geographical and electrical location of any/all proposed sites/assets involved in the proposed project, highlighting the point of delivery of the service to the network. | As the Black Start zones have flexible boundaries, this allows us to confirm that the service can contribute to the targeted zones. | Providers that can contribute to the SW or Midlands will PASS this criterion. Providers that cannot contribute to the SW or Midlands will FAIL this criterion. |
| Does the proposed project meet the stated technical requirements? Are there any limitations with regard to meeting the technical requirements? | To confirm eligibility to tender. Where a technical requirement is not met, we will be able to perform an assessment to determine whether the provider can still make a contribution to a restoration with the stated reduced capability. | Where the technical requirements are not met, it is entirely at the discretion of NGENSO to determine eligibility to tender based on capability. Providers deemed to be able to contribute will PASS this criterion. Providers deemed not able to contribute will FAIL this criterion. |
| Do you agree to accept the contract terms and tender in on this basis? Have you completed the contract declaration form? | It is mandatory requirement that the provider accepts the standard set of terms that was provided. | Providers who confirm they accept the contract terms will PASS this criterion. Providers who do not accept the contract terms will FAIL this criterion. |
| Does the potential Black Start service provider agree not to make any public announcements to disclose the (potential) Black Start capability, and do they agree to sign the Non-Disclosure Agreement (NDA) by 19 April 2019. | Providers must not discuss the potential black start capability of their plant. Providers must not discuss their proposed bids with other tenderers, except between parties proposing a combined submission which must be covered by their own NDA. | Providers who confirm they accept the NDA terms and commit to return a signed version by 19 April will PASS this criterion. Providers who do not accept the NDA OR who fail to return a signed version by 19 April will FAIL this criterion. |

| | | |
|---|--|---|
| Does the potential Black Start service provider agree to meet the service commencement date of 1 April 2022? | Providers must agree to meet the service delivery timelines to be eligible to participate. | Providers who confirm they will commit to commencing the service on or by 1 April 2022 will PASS this criterion. Providers who do not accept the tender timeline will FAIL this criterion. |
| For the site/asset/project in question, have you previously submitted a Stage 1 Feasibility Study? | If a study has previously been submitted, does it meet the current requirements, have there been plant changes, is it valid for use in the tender or will re-work be required? | For information. This will allow us to minimise rework. |
| For the site/asset/project in question, have you previously submitted a scope of works for a Stage 2 Feasibility Study? | If a study has previously been submitted, does it meet the current requirements, have there been plant changes, is it valid for use in the tender or will re-work be required? | For information. This will allow us to minimise rework |
| For the site/asset/project in question, have you previously submitted a Stage 2 Feasibility Study? | If a study has previously been submitted, does it meet the current requirements, have there been plant changes, is it valid for use in the tender or will re-work be required? | For information. This will allow us to minimise rework |

Schedule 1 – List of Tender Documentation

These must be reviewed to inform your decision to participate. By submitting an EOI, you confirm that you have read and understood this information.

- **TD1** - Technical Requirements and Assessment Criteria
- **TD2** – Feasibility Assessment Process
- **TD3** – Feasibility Study Agreement
- **TD4** – F1 Submission Template
- **TD5** – F2 Scope Submission Template
- **TD6** – F2 Submission Template
- **TD7** – Black Start Service Contract Terms
- **TD8** – FAQs 1 - 48

Schedule 2 – List of EOI Appendices

These must be reviewed, completed and returned to form your EOI submission.

- **Appendix 1** – Submission template
- **Appendix 2** – EOI Technical Requirements Declaration
- **Appendix 3** – Contract Declaration
- **Appendix 4** – Contract Deviation Table
- **Appendix 5** – Non-Disclosure Agreement
- **Appendix 6** – Query Form