

Invitation to Tender for Static Reactive Power service

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Dear tender participants,

General updates for Mersey region static reactive power tender

Following the Invitation to Tender for reactive power services from April 2022, which was published on our website on 25th November 2019, we would like to provide the following updates to tender participants who received Technical information on 28th February 2020.

Extension to tender timetable for commercial submissions

We are delaying the date for submission of commercial tenders by two weeks to Thursday 9th April. This extension is being offered to participants so that they have the opportunity to reflect on any implications from wider clarifications detailed within this update to their commercial submission as well as to account for the practical challenges associated with altered working regimes in response to COVID-19. We will also be extending the timetable by which we award contracts to 22nd May but will endeavour to bring this forward where possible. We recognise that these extensions will take us past the assumed “clock start” date to submit a competent connections application and in response to this we going to extend the “long stop” date provisions in the contract by a further four months to 31 October 2022.

We are also aware that network charges may be a key consideration for participants and as such we intend to issue further information on the changes that are in progress early next week.

Technical information

You should, by now, have received the following additional information:

- An update on the potential land availability from NGET along with the supporting documentation with regards to the terms of leasing land.
- The outcome of the third party works assessment carried out by SP Manweb for relevant tertiary connections.
- An update on historical SGT outages and the reasons behind the outages.

Deliverability of tertiary connections

As you are aware, two delivery programmes have been provided by NGET for tertiary connections. For SGTs where the tertiary winding/bushings are available, the programme could potentially meet an April 2022 date; however, for SGTs where the tertiary winding/bushings are not easily accessible, internal modifications to the connection are required to enable a tertiary connection and in such a case, a delivery date of August 2022 could be possible.

As of now, NGET have not been able to ascertain the status of the tertiary windings/ bushings for each SGT. We have been informed that this would require a site visit and with the current restrictions associated with COVID-19, there is presently no clarity with regards to when this inspection can be undertaken. Furthermore, the April 2022 date is contingent on the availability of winter outages on SGTs and tender participants will be made aware of such possibility where applicable.

We are conscious that the deliverability of solutions is a big uncertainty for providers at this stage and we are doing our best to get a better understanding of the delivery dates. We will keep you updated throughout the process as we learn more about the deliverability of your solutions.

For the avoidance of doubt, unless we have a clear view of the delivery dates of your solutions, we will be assuming that the April 2022 date can be achieved in our commercial assessment.

Clarifications to assessment methodology

The economic assessment of the tenders will be made to minimise total cost that the consumer is exposed to.

In terms of non-TO tenders, this means the direct cost of the tender and any connections costs that have not been passed onto the customer. Any costs that the developer incurs to provide the service (for example, levies, losses etc.) will be assumed to be included within the developer's bid price.

For Transmission Owner solutions, the consumer is exposed to the cost of the asset and any operation costs, which include maintenance and losses. Losses will be priced at the wholesale price using a central forecast for the contract period. Therefore, all of these costs will be included in the assessment. The total cost of the asset will be assessed, without residual value, over the life of the contract period only as will any maintenance if required.

For all tenders, the assessment will also consider the requirement for securing contingency against the product. This will be assessed against the maintenance periods for which that service will be unavailable. This may cause a group of products to be secured against together due to the topology of the network. We will publish an assessment of the frequency and duration of expected outages for each type of connection as guidance and will invite tender participants to provide feedback should they have additional requirements. Contingency will be procured against either forecasting

to take actions within the Balancing Mechanism or by procuring additional products from this tender, whichever is lower cost.

Updates made to the Standard Contract Terms

We received a comment on the clause 3.4 Continued Performance Failure and have agreed to remove the current provision of the right to terminate should the provider breach this clause. We have also reviewed the new clause 6.6 introduced on 28th February and have concluded that this will remain as a provision of this agreement and therefore will not be amended. In addition, the Long Stop Date will be amended to 31 October 2022 as outlined above.

The amended Standard Contract Terms will be updated and published on the website later today.

Next Steps and timescales

Monday 25th November 2019	Tender published
Friday 13th December 2019	Providers submit Technical Data (Section A)
Friday 28th February 2020	NGESO returns Technical Information (Section B)
Friday 13th March 2020	NGESO returns additional technical information of third party works assessment for applicable tertiary connections
Thursday 9 th April 2020	Providers submit Commercial Tender (Section C)
Friday 22 nd May 2020 ¹	Contracts Awarded
Friday 1 st April 2022	Service Commences

This timetable has been updated to reflect the extension to the commercial submission timescales. For the avoidance of doubt this tender is only open to those service providers who returned Technical Data (Section A) by the 13th December 2019.

We would like to thank all providers for your continued patience and cooperation throughout the tender process.

Further Information

For further information please contact commercial.operation@nationgrideso.com.

Yours faithfully

Paul Lowbridge

Balancing & Revenue Services Manager

¹ This is the latest we will publish the results, we will endeavour to publish these results earlier if possible.