

FRAMEWORK SCHEDULE 2: SERVICES AND KEY PERFORMANCE INDICATORS

PART A – GOOD AND SERVICES

1 INTRODUCTION

- 1.1 Crown Commercial Service (the Authority) is seeking to establish a Framework Agreement for the provision of Demand Side Response (DSR) Services (RM3792). The Framework Agreement comprises of one lot as detailed below. A Framework Agreement will be awarded to multiple Suppliers as indicated in the Official Journal of the European Union (OJEU) Contract Notice Award.
- 1.2 The duration of the Framework is three (3) years with the right to extend for a further twelve (12) months at the option of the Authority.
- 1.3 The purpose of this Framework Schedule 2: Part A: Goods and Services is to provide a description of the Goods and Services that the Supplier shall be required to deliver to the Authority and individual Contracting Authorities under this Framework Agreement.
- 1.4 The information published in section VI – V1.3 additional Information of the OJEU Notice provides a list of the UK Central Government Departments, their Agencies and Arm's Length Bodies and all other Contracting Authorities whom shall be eligible to access this Demand Side Response Framework Agreement
- 1.5 The Services and delivery of purchased Goods and Services required under this Framework Agreement and all standards set out in this Framework Agreement Schedule 2: Part A: Goods and Services – Attachment 9 may be refined (to the extent permitted and set out in Framework Schedule 5 (Call Off Procedure)) by a Contracting Authority during a particular Call Off Contract.
- 1.6 This Framework Agreement shall be managed centrally by the Authority. The Contracting Authorities shall manage all Call Off Contracts with the Supplier.
- 1.7 The Authority published a Prior Information Notice on (Reference Number – 108499 – 2016) on 31/03/2016.
- 1.8 The Procurement has been advertised by publishing a Contract Notice in the OJEU advertising the Open Procedure under the Public Contracts Regulations 2015 (the “Regulations”).

2 BACKGROUND

- 2.1 Demand Side Response is the term used for a scheme where customers are incentivised financially to lower or shift their electricity use at peak times. This will help manage load and voltage profiles on the electricity network. There are a variety of different schemes operated by the Network Operator – National Grid and also Distribution Network Operators.
- 2.2 In addition to these network schemes there are opportunities for customers to derive savings from the reduction of electricity consumption from the grid during peak times which incur fixed transmission and distribution costs.

- 2.3 The public sector estate is vast and diverse, ranging from MOD operational sites, prisons, hospitals, local authorities offices; collectively using an estimated 10% of total UK electricity demand. The varying usage and on-site operations present a unique opportunity to take part in current and future Demand Side schemes which can assist the UK electricity network with its demand and sustainability targets and contribute to energy security whilst optimising current public sector assets.
- 2.4 There are multiple benefits to customers participating in Demand Side Response schemes:
- 2.4.1. Offers a source of revenue from Network Operator schemes managed by the National Grid and Distribution Network Operators;
 - 2.4.2. Reduces overall energy bills by utilising less electricity from the grid during the most expensive times;
 - 2.4.3. Enhances asset reliability from regularly running back-up generators;
 - 2.4.4. Contributes to improving on-site resilience; and
 - 2.4.5. Contributes to lower national carbon emissions.

3 LOT DESCRIPTION

The description of the Goods and Services required for this Framework Agreement are as follows:

Demand Side Response Services are pertaining to participation in activities or schemes where customers are incentivised financially to lower or shift their electricity use at peak times.

The Supplier shall provide the Demand Side Response Services as listed below in A), B) and C) below.

A) Network Operator schemes

The Supplier shall provide access to at least one (1) or more of the following Network Operator schemes:

- (i) Short Term Operating Reserve
- (ii) Firm Frequency Response
- (iii) Frequency Control by Demand Management
- (iv) Capacity Market
- (v) Demand Turn Up

A full description of the above schemes (except Capacity Market) can be found on the National Grid website:

<http://www2.nationalgrid.com/UK/Services/Balancing-services/Demand-Side-Response/>

A full description of the Capacity Market can be found here:

<https://www.emrdeliverybody.com/cm/home.aspx>

B) Transmission Network Charge Reduction Scheme

The Supplier shall provide Goods and Services where requested to enable the Contracting Authority to reduce consumption during the highest system peak periods which incur Transmission Network Use of System Charges. Please see paragraph 4.2 below

C) Distribution Network Charge Reduction Scheme

The Supplier shall provide Goods and Services where requested to enable Contracting Authorities to reduce consumption during the most expensive periods which incur the highest Distribution Use of System charges. Please see paragraph 4.3 below

The DSR Services may, where required by Contracting Authorities require the purchase and installation of Goods including new equipment, optimisation of existing equipment and provision of related Goods and Services which will enable Contracting Authorities to participate in Demand Side Response schemes and in doing so reduce the consumption of their electricity supply from the Grid.

The scope includes provision for the Supplier to offer its own or third party financing options on request by Contracting Authorities, to support delivery of the Demand Side Response Services.

The Contracting Authority may request Goods and Services that are not listed below but fall within the scope of DSR Services.

The scope includes provision for any new DSR schemes not listed above which become live during the Framework Period and also cater for any of the above schemes which change or become obsolete during the Framework Period.

4. MANDATORY REQUIREMENTS

4.1 Network Operator Schemes

- 4.1.1 The Supplier shall be listed as a Commercial Aggregator Service Provider on the National Grid website either prior to the commencement of the Framework Agreement but no later than prior to the commencement of any Call Off Contract.

<http://www2.nationalgrid.com/UK/Services/Balancing-services/Demand-Side-Response/>

- 4.1.2 The Supplier shall have at least one Network Operator Contract in place and subsequently Network Operator Contract(s) with sufficient capacity to meet the Contracting Authority requirements prior to the execution of any Call Off Contract.

- 4.1.3 The Supplier shall be responsible for installing relevant communications and enabling equipment to ensure the Contracting Authority has the technical capability to participate in the schemes, as outlined in paragraph 4.8.
- 4.1.4 The Supplier shall manage all DSR events including measurement and verification and settlement with the applicable Network Operator and/or Energy Supplier.
- 4.1.5 The Supplier will serve as intermediary between Contracting Authorities and the applicable Network Operator or Energy Supplier.

4.2 Transmission Network Use of System (TNUoS) charge reduction scheme

- 4.2.1 The Transmission Network Use of System (TNUoS) charges represent the three half hours of highest system peak demand in the year. These charges are reflected in customer bills and are based on their consumption during these periods.
- 4.2.2 The Supplier shall work with Contracting Authorities to produce an action plan for managing these costs. This will include a service designed to actively reduce demand, or generate electricity to the grid, during the highest peak periods which are likely to incur TNUoS charges.
- 4.2.3 It is accepted that in some circumstances it may not be possible to implement Network Operator Services and TNUoS schemes in parallel, however, the Supplier when requested shall make every effort to do so.

4.3 Distribution Use of System (DUoS) charge reduction scheme

- 4.3.1 Distribution Use of System (DUoS) charges reflect the time bands with differential pricing (Red/Amber/Green). Many large public sector customers are likely to have these charges reflected in their contracts with their Energy Suppliers to encourage peak-time avoidance.
- 4.3.2 The Supplier shall work with Contracting Authorities to produce an action plan for managing these costs. This will include a service designed to actively reduce demand, or generate electricity to the grid, during Red or Amber (DUoS) time zones.

4.4 Initial Site Suitability Assessment and Outline Proposal

- 4.4.1 If the Supplier chooses to respond to a further competition request, the Supplier shall carry out a free, no-obligation Initial Site Assessment to determine site suitability for each Proposed Premises. This may be a desk based study or an on-site visit either of which will be advised as most appropriate by the Supplier.
- 4.4.2 Following the Initial Site Assessment the Supplier shall produce an Outline Report containing at least the following elements:
 - 4.4.1. Provide evidence that they have the required Network Operator Contracts and sufficient Megawatt (MW) capacity in place or would be able to secure capacity in a future auction on behalf of the

Contracting Authority to enable the Contracting Authority sites to participate in any form of DSR schemes as listed in the lot description;

- 4.4.2. Identification of site assets which could be utilised for DSR;
- 4.4.3. The initial suitability assessment of those assets for DSR schemes;
- 4.4.4. At the request of the Contracting Authority, identification (if any) of any upgrade works and outline cost estimates required in order for the Contracting Authority to participate in DSR schemes;
- 4.4.5. At the request of the Contracting Authority, if point (4.4.4) is required, an outline financial proposal including revenue, savings and costs to participate in DSR schemes which would enable the Contracting Authority to evaluate the pricing element of their further competition.

4.5 Full Site Assessment and Final proposal

- 4.5.1 Following execution of a Call Off Contract in respect of Proposed Premise(s), the successful Supplier shall, within three weeks (or later if requested by the Contracting Authority) conduct a Full Site Assessment at each Proposed Premises to identify full suitability for each asset and any associated requirements for the Contracting Authority to participate.
- 4.5.2 Following the Full Site Assessment the Supplier shall produce an Outline Report containing at least the following elements for each site and its assets:
 - 4.5.2.1. The most relevant and suitable DSR scheme(s);
 - 4.5.2.2. Detailed upgrade works and detailed cost estimates required in order for the Contracting Authority to participate in those DSR schemes including any grid connection agreement applications where relevant;
 - 4.5.2.3. A detailed financial proposal including forecasts for the following:
 - Megawatt hours of operation;
 - Revenue – broken down into availability and utilisation with reference to market prices for each relevant scheme;
 - Identification of any penalties that apply for non-participation;
 - Savings from avoidance of usage of grid supplied electricity including commodity costs and transmission and distribution charges (where applicable);
 - Carbon benefits (where applicable);
 - Cost of fuel (where applicable);
 - Upgrade costs (where applicable);
 - Net benefit to the Contracting Authority.

- 4.5.3 It should be noted that it is understood by the Authority and Contracting Authorities that the financial proposals are estimates and cannot be guaranteed.
- 4.5.4 The Contracting Authority has the right, but will not be obliged to request and pay for any Goods and Services pertaining to upgrade works identified in the Full Site Assessment and Final Proposal.
- 4.5.5 If the Contracting Authority chooses to utilise the Goods and Services of the Supplier to implement the Goods and Services pertaining to upgrade works identified in the Full Site Assessment and Final Proposal the Supplier shall ensure the Goods and Services meet any relevant and applicable quality, environmental or health and safety standards. Where applicable the Supplier shall also comply with the requirements of paragraph 5.2 Warranted Assets.

4.6 Grid Connection Agreements

- 4.6.1 Where applicable to each individual Site intending to participate in DSR, the Supplier shall act on behalf of the Contracting Authority (unless otherwise specified by the Contracting Authority at Call Off stage) to apply to the Distribution Network Operator for a grid connection.
- 4.6.2 It should be noted however that the Supplier is not responsible for the outcome nor the costs associated with it.

4.7 Power Purchase Agreements for Export

- 4.7.1 Where there is a requirement for export of electricity through a Power Purchase Agreement, the Supplier shall promote to the Contracting Authority the use of the Authority's Export service within the Half Hourly Electricity Framework. The Contracting Authority has the right but is not obliged to use this Service and may seek alternatives from the Supplier or alternative Licenced Supplier if there are superior commercial benefits in doing so.

4.8 Installation of enabling equipment and communications systems

- 4.8.1 No later than six (6) weeks after the award of a Call Off Contract, unless otherwise directed by the Contracting Authority or unless there are site specific urgent demands or scheme related timetables which impact on timescales, the Supplier shall commence preparatory works for the site to enrol into the agreed DSR scheme as outlined in summary below.
- 4.8.2 The Supplier shall liaise with the Contracting Authority to ensure that i) access arrangements can be made ii) that relevant security requirements have been met by the Supplier and/or its Sub Contractors prior to attending on site iii) risk assessments have been completed where required prior to any works.
- 4.8.3 The Supplier Shall purchase, install and test all enabling equipment and communications systems required to ensure the site can participate in the DSR scheme(s).

- 4.8.4 Installation works should be carried out with minimal interruption to site operations and should be performed by experienced technicians. All works should be carried out by the Supplier and/or its nominated Sub Contractor.
- 4.8.5 The Supplier shall be required to work with third party companies for example energy management, estates management and/or facilities management teams who have responsibility for the assets. The Supplier shall ensure that these working relationships will be maintained in an efficient manner to ensure there are no disputes.
- 4.8.6 The Supplier shall ensure that all works interact seamlessly with any Buildings Management Systems and that there is no adverse impact on such systems.
- 4.8.7 The Supplier shall agree with the Contracting Authority the methodology for communications to manage DSR events to ensure there is clarity on process, particularly when the process is remote and automatic.

4.9 Testing

- 4.9.1 The Supplier shall ensure that at least one (1) test event is carried out to ensure there are no risks to the on-site systems whilst participating in DSR events.
- 4.9.2 The Supplier shall work with the Contracting Authority to carry out sufficient safety checks in order to ensure the site is safe to proceed with participation in a DSR event. There should also be a mechanism for the site to have overall control if they wish to not participate in a DSR event due to security or safety reasons on site.

4.10 Training

- 4.10.1 The Supplier shall provide training to relevant personnel who own, manage or operate the site assets on how to manage a DSR event.

4.11 Management of Data

- 4.11.1 The Supplier shall provide data to the Contracting Authority at a frequency and format specified at Call Off Stage, but where requested must provide information online via a self-service option.
- 4.11.2 The Supplier shall provide detailed data for each period including at least the following elements:
 - 4.11.2.1 kilowatt / megawatt hour demand side response activity
 - 4.11.2.2 revenue generation
 - 4.11.2.3 savings from reduction in usage of grid supplied electricity
 - 4.11.2.4 net benefit to the customer for each period
 - 4.11.2.5 forecast for the forthcoming period (where possible)

4.12 Payments

- 4.12.1 After each month (as specified in by the Contracting Authority in the Call Off Contract), the Supplier shall send to the Contracting Authority a statement clearly itemising the demand response activity delivered by the Contracting Authority during that period and the revenue that is due to the Contracting Authority, minus, where applicable any agreed savings share due to the Supplier for payment plan for upgrade works.
- 4.12.2 The Supplier shall clearly indicate on any statement that it is the responsibility of the Contracting Authority to issue an invoice to the Supplier in order to receive payment.
- 4.12.3 The Supplier shall pay all invoices within thirty (30) days of being issued.

4.13 Account Management

- 4.13.1 The Supplier shall within five (5) days of signing the Framework Agreement send to the Authority's email address the name and contact details (including email address and telephone number) of the Account Manager for this Framework Agreement. The nominated Account Manager shall have a minimum of two (2) years relevant industry experience. The Supplier shall also ensure that a Deputy Account Manager has been appointed and their name and contact details (including email address and telephone number) are provided to the Authority prior to any period of the Account Manager's unavailability and absence. The Supplier shall ensure that the Deputy Account Manager has the same powers, authority and discretion as the Account Manager.
- 4.13.2 The Account Manager shall be in principal contact with the relevant Network Operator and shall provide the required service to enable the Contracting Authority to participate in and benefit from DSR schemes.
- 4.13.3 The Supplier shall, when required, support the Contracting Authorities in providing recommendations in relation to the Goods and Services provided, improve value for money, answering queries, dealing with complaints and technical support.
- 4.13.4 The Account Manager shall be security cleared to the Contracting Authorities stated level in advance prior to the Call Off Contract commencement date. The Supplier shall provide a consistent Account Management support function across Contracting Authorities regardless of size and scope.
- 4.13.5 The Supplier shall within five (5) days of signing a Call Off Contract provide the Contracting Authorities, if required, with a named Account Manager, with the level of account management provided by the Supplier being proportionate to the size and requirements of the Contracting Authority. This shall be agreed prior to the Supplier and Contracting Authority entering into a Call Off Contract.

- 4.13.6 If a change of Account Management personnel is required the Supplier shall inform Crown Commercial Service and Contracting Authorities of the change at least one (1) month prior to the change taking effect. The Supplier shall ensure a suitable handover period is included in any change of personnel.
- 4.13.7 The Supplier shall be required to provide and maintain a dedicated customer service team which will act as the first point of contact and focal point for all enquiries from Contracting Authorities.
- 4.13.8 The Supplier shall be responsible for ensuring that all enquiries received from Contracting Authorities are dealt with and resolved in accordance with agreed Key Performance Indicators.
- 4.13.9 The Supplier shall be required to undertake visits to individual Contracting Authority sites to discuss the operation of the contract. The Account Manager shall hold separate Supplier Review Meetings with the Authority and the Contracting Authorities with agenda items and the frequency of meetings to be agreed by the Authority in accordance with Framework Schedule 8 – Framework Management.

4.14 Security

- 4.14.1 The Supplier shall obtain at the request of the Contracting Authority security clearances which meets the differing requirements of the Contracting Authorities, and shall ensure full compliance with any standards and legislation, including but not limited to the following:

Protection of Freedoms Act 2012

<http://www.legislation.gov.uk/ukpga/2012/9/contents/enacted>

Safeguarding Vulnerable Groups Act 2006

<http://www.legislation.gov.uk/ukpga/2006/47/contents>

HMG Personnel Security Controls

<https://www.gov.uk/government/publications/hmg-personnel-security-controls>

4.15 Cost Efficiency

- 4.15.1 The Supplier shall ensure all Goods and Services are supplied to Contracting Authorities in the most economically efficient manner and that the most financially beneficial DSR schemes are offered to maximise revenue and operated where applicable for the Contracting Authority site(s).
- 4.15.2 The Supplier shall identify any potential electricity savings opportunities from the operation of their demand through use of operational assets or curtailment of site usage to reduce consumption from the grid. However the Supplier will not be held responsible for revenues available outside of DSR Services.

4.16 Customer Service

- 4.16.1 The Supplier shall provide a dedicated helpdesk service that shall comply with the following:
- 4.16.1.1. A customer service helpdesk shall be open to answer general enquiries and shall operate from at least office hours 09:00 until 17:00 Monday to Friday throughout the year excluding public holidays.
 - 4.16.1.2. An operational support and/or emergency call numbers shall operate twenty four (24) hours per day every day of the year.
 - 4.16.1.3. All calls shall be charged at no more than a standard call rate (no premium rate telephone numbers). Standard rate in the UK means calls to local and national numbers beginning, 01, 02, 03. Excluded numbers include non-geographic numbers (e.g. 0871) and Premium Rate Services.
 - 4.16.1.4. The Supplier shall ensure that all Supplier Personnel appointed to the helpdesk have the relevant skills, experience and knowledge of DSR Services and have the capability to manage Contracting Authority relations.
 - 4.16.1.5. Where specified by the Contracting Authority, the Supplier shall ensure that all Supplier Personnel appointed to the helpdesk have the appropriate security clearance to work on a Contracting Authority's account.

4.17 Complaints Handling

- 4.17.1 The Supplier shall have a robust and auditable complaints procedure for logging, investigating, managing and escalating and resolving complaints initiated by the Contracting Authority and their users.
- 4.17.2 The complaints procedure shall comply with the following
- 4.17.2.1. All complaints shall be logged and acknowledged within twenty four (24) hours of receipt;
 - 4.17.2.2. All complaints shall be resolved within five (5) working days of the original complaint being made unless otherwise agreed with the Contracting Authorities
 - 4.17.2.3. All complaints shall be recorded, together with the actions and timescales taken to resolve the complaint; and
 - 4.17.2.4. The Supplier shall have in place an escalation route for any complaints that have not been resolved within the specified timescales as detailed in clause 47 of the Framework Agreement.

5. ADDITIONAL REQUIREMENTS

5.1 Financing

5.1.1 Contracting Authorities will state their financing approach and/or requirements at Call Off Contract stage. This shall include suppliers directly proposing financing solutions or working with third parties (nominated by the Contracting Authority or otherwise) to propose a financing solution for upgrade or other such works.

5.1.1.1. Sources of funding may include but are not limited to:

5.1.1.2. Contracting Authority's own financial resources;

5.1.1.3. Supplier finance; and

5.1.1.4. Third party finance.

5.2 Warranted Assets

5.2.1 The Supplier shall warrant to the Contracting Authority that all Warranted Assets, installed by or on behalf of the Supplier under the Call Off Contract, will until the Final Payback End Date, or the end of the warranted period for the relevant Warranted Asset (whichever is the later) be fit for purpose and will operate (subject to proper maintenance in accordance with manufacturers' recommendations) as intended.

5.2.2 If any time any of the Warranted Assets is achieving less than 70% (or such other percentage as may be specified in the Call Off Contract) expected performance outputs the Contracting Authority may remove, procure the removal of, or instruct the Supplier to remove the relevant Warranted Asset from the Premises and replace with an equivalent asset at the cost of the Supplier.

5.3 Cyber Essentials and CESH

5.3.1 The Supplier shall ensure that the implementation of security controls and how they shall comply to CESH BC and HMG Security Policy Framework as detailed at the link below and Industry best practice is documented, with associated security policies and standards:

<https://www.gov.uk/government/publications/security-policy-framework>

5.3.2 The Supplier shall have a Cyber Essentials Scheme Basic Certificate or equivalent at the commencement date of the first Call Off contract. Cyber Essential Scheme requirements can be located at:

<https://www.cyberstreetwise.com/cyberessentials/files/requirements.pdf>

- 5.3.3 The Supplier shall ensure that prior to the Services 'Go Live' and annually thereafter that they will undertake Check Assurance with a CESG approved provider. Further information on CESG penetration testing can be found at:

<https://www.cesg.gov.uk/articles/using-check-provider>

<https://www.cesg.gov.uk/scheme/penetration-testing>

- 5.3.4 The Supplier shall ensure that Contracting Authorities information and Data is secured in a manner that complies with the Government Security Classification Policy rating of OFFICIAL-SENSITIVE. The Supplier shall ensure that the Government Security Classification Policy rating is also applied when information and Data is transmitted across all applicable networks and/or in line with the Contracting Authorities' requirements.
- 5.3.5 The Supplier shall, where required, have the capability to employ encryption to information / Data which shall be sent across a network or extracted by electronic means. The Supplier shall ensure that the level of encryption complies in full with the Government Security Classification Policy rating of OFFICIAL-SENSITIVE and/or in line with the Contracting Authorities' requirements.
- 5.3.6 The Supplier shall ensure that any suspected or actual security breaches are reported to Contracting Authorities representative immediately and depending on the impact of the breach, shall be included in monthly/quarterly performance reporting to the Authority.
- 5.3.7 The Supplier shall comply with all relevant legislation, organisational and cross Government policy and guidelines in relation to Data and asset security.