**DEPARTMENT of ENERGY and CLIMATE CHANGE**

**Invitation to Tender in relation to scoping an evaluation of the Climate Change Agreements Scheme**

Reference: [985/02/2015]

**1. Introduction**

1.1 The Department of Energy and Climate Change (“DECC”) wishes to appoint a Supplier in relation to scoping an evaluation for the Climate Change Agreements (CCA) Scheme and is requesting a tender from you under Lot 2 of the DECC Evaluation Framework Contract.

**2. Decision not to participate**

2.1 If, for conflict of interest or other reasons, you decide that you are not going to enter a response please notify us via the following email laura.edwards@decc.gsi.gov.uk by 27th February 2015

1. **Conflict of Interest**
	1. The DECC standard terms and conditions of contract include reference to conflict of interest and require contractors to declare any potential conflict of interest to the Secretary of State.
	2. For research and analysis, conflict of interest is defined the presence of an interest or involvement of the contractor, or subcontractor which could affect the actual or perceived impartiality of the research or analysis.
	3. Where there may be a potential conflict of interest, it is suggested that the organisation designs a working arrangement such that the findings cannot be influenced (or perceived to be influenced) by the organisation which is the owner of a potential conflict of interest. For example, consideration should be given to the different roles which organisations play in the research or analysis, and how these can be structured to ensure an impartial approach to the project is maintained.

3.4 The process by which this is managed in the procurement process is as follows:

1. During the bidding process, organisations may contact DECC to discuss whether or not their proposed arrangement is likely to yield a conflict of interest. Any responses given to individual organisations or consortia will be circulated (in a form which does not reveal the questioner’s identity). Any organisation thinking of submitting a bid, should share their contact details with the staff member responsible for this procurement, to ensure they receive an update when any responses to questions are published.
2. Contractors are asked to sign and return Declaration 1 to indicate whether or not any conflict of interest may be, or be perceived to be, an issue. If this is the case, the contractor should give a full account of the actions or processes that it will use to ensure that conflict of interest is avoided. In any statement of mitigating actions, contractors are expected to outline how they propose to achieve a robust, impartial and credible approach to the research.
3. When tenders are scored, this declaration will be subject to a pass/fail score, according to whether, on the basis of the information in the proposal and declaration, there remains a conflict of interest which may affect the impartiality of the research.

3.5 For this contract we envisage that working on the design stage of an evaluation of the CCA Scheme, will not necessarily prevent bidding on the evaluation itself, should we decide to commission it. Instead we propose that a summary of the learning and findings from the developmental phase (this project) is published alongside a tender for the main evaluation. In this way, no unfair advantage will be gained on future evaluations from designing the potential methodology of the evaluation.

* 1. Failure to declare or avoid conflict of interest at this or a later stage may result in exclusion from the procurement competition, or in DECC exercising its right to terminate any contract awarded.

**4. Indicative Timetable**

4.1 The anticipated timetable for this ITT is as follows. DECC reserves the right to vary this timetable.

|  |  |
| --- | --- |
| **Event** | **Date and Time** |
| This ITT specification despatched | 19th February 2015  |
| Deadline for receipt of queries about specification (send email to laura.edwards@decc.gsi.gov.uk)Publication of responses to queries  | 5pm 27th February 20152nd March 2015 |
| Deadline for receipt of bids (send email to laura.edwards@decc.gsi.gov.uk) | 5pm 4th March 2015 |
| Date of interviews (**if required**) (to be confirmed) | 6th or 9th March 2015However, if these dates change, DECC will notify applicants via email.  |
| Award | 10th March 2015 |
| Contract start date | 11th March 2015 |

The contract is to be for a period of up to two months unless terminated or extended by the Department in accordance with the terms of the contract.

**5. Description of the Service DECC requires from Lot 2 evaluator**

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# Introduction and summary of requirements

DECC is looking for a contractor or contractors from Lot 2 of the Evaluation Framework to provide evaluation expertise to help DECC scope an evaluation of the Climate Change Agreements (CCA) new Scheme (the second phase of the scheme which started in 2013).

Evaluation expertise is required to:

* Scope and set out a structure for a full set of evaluation and analytical questions for evaluating the CCA scheme.
* Provide a critical appraisal of the methodological approaches outlined in previous external evaluations of the old CCA scheme and a view on which, if any, of these approaches could be used for the evaluation of the present CCA scheme.
* Advise on addressing the challenges around CCA evaluation, particularly in specifying the quantitative or econometric methods for assessing the impact of the scheme and the timing of evaluation work given the availability of data.
* Building on the existing suggested elements of evaluation, develop an outline evaluation plan that sets out how each evaluation question can be robustly addressed and the analytical techniques to be used to answer these questions.
* Develop an assessment of the data and other evidence to be used. This could include evidence collected by primary research (which would need to be commissioned) or through existing sources.

# Background

***Background to the CCA Scheme***

The CCA Scheme was introduced in 2001 in response to the Marshall Report on ‘Economic Instruments and the Business use of Energy’ and the introduction of the Climate Change Levy (CCL), which is charged on non-domestic energy supplies. The Agreements were introduced as it was recognised that the Levy could impact on the competitiveness of energy intensive industry. CCAs enable energy intensive industry to benefit from a reduction in the CCL in return for meeting demanding energy efficiency targets. The Agreements offset competitive disadvantage and reduce energy use across participating sectors.

The Climate Change Levy (CCL) is the UK’s energy tax and was introduced in 2001 to drive an increase in energy efficiency. It is a tax on supplies of electricity, gas, solid fuel and liquefied petroleum gas payable by business and public sector organisations. Prior to its introduction, the potential impact of the CCL on international competition of energy intensive industries was noted. Therefore, CCAs were introduced to reduce this impact on industry by giving them a CCL discount but for meeting challenging negotiated energy efficiency targets.

The aim of these negotiated targets (set out in CCAs agreed with Government) was to mitigate the impact of the CCL on energy intensive industry and to deliver energy efficiency improvements at least equivalent to the savings that would have been achieved were sectors required to pay the full rates of the CCL.

There have been two phases of the scheme. The old CCA scheme ran from 2001 until 2013. The Government ran several consultations on simplifying the scheme[[1]](#footnote-2); and on 1 April 2013, a new CCA scheme was launched, providing an extension to the CCL rebate until 2023. The new scheme incorporates a number of simplifications and is significantly different from the old scheme. The key changes were as follows:

* There were a number of administrative simplifications, including the dropping of the option to trade allowances via an emissions trading register that had been available under the old scheme;
* A new buyout mechanism to replace allowance trading was introduced, to be used by operators in the event that they did not achieve their targets; and also a system of ‘banking’ surpluses, for operators who exceeded their targets;
* There was a new Administrator for the scheme – the Environment Agency – and participation in the scheme and reporting were simplified by the introduction by a new on-line IT platform – the ‘registry’;
* New targets were set for the eligible sectors that were intended to be challenging but achievable - using a common 2008 baseline;
* The CCL discount for electricity under the CCA scheme increased from 65% to 90%.

A timeline for the new scheme is included in Annex C.

The industrial processes that are eligible under the new CCA scheme are set out in the Climate Change Agreements (Eligible Facilities) Regulations 2012. The targets that were set by the Secretary of State for each sector are either energy or carbon-reduction targets based on production or throughput. Operators are required to provide reporting data – including total energy consumption and level of production, and the administrator will assess this information and produce a collated report on this data, on a biennial basis[[2]](#footnote-3).

The new scheme is made up of four two-year target periods, ending respectively on the last day of the calendar years 2014, 2016, 2018 and 2020.  Following each target period, each operator in the scheme has four months (until 1 May) to submit data on its performance against its target to the Environment Agency. Any operator that fails to meet their target is required to pay a buy-out fee by 23 July of the same year; conversely, operators who exceed their targets are able to ‘bank’ their credits. DECC expects to receive the draft reporting data for each target period around September of that year, with the publication of the reporting data planned for the end of October.

In 2016, a review of the targets in the scheme is being undertaken, with evidence being gathered during 2015. By November 2017, a review of part of the Eligible Facilities Regulations (2012) must be carried out.

***Identification of key evaluation questions***

Evaluation planning within DECC to date has identified a number of questions regarding the impact of the CCA scheme and how it has been delivered. A set of evaluation questions has been developed in DECC and these are included in Annex D. One of the key tasks of the evaluation expert/s commissioned through this ITT is to build on or refine these questions, with input from the policy team and evaluation lead. The evaluation expert/s commissioned through this ITT will need to assess whether these are the right questions and how best to rationalise the questions for the evaluation of the CCA; and, where appropriate/feasible, to assess which methods should be used to answer these questions.

***Developing the evidence base to support CCA evaluation***

There are several sources of evidence that may be considered useful for an evaluation. One of the key tasks in this commission is to assess the suitability and accessibility of this evidence. Sources include:

Scheme Data: The data supplied by CCA participants is available to the timetable set out in Annex C. This data includes the reporting by each participant on either the energy use for their target unit or the total number of units of carbon emitted by their target unit (depending on the specific target in the CCA).

Outputs from other non-domestic policy evaluations: These include the CRC evaluation (report due in March 2015); an evaluation of the Energy Saving Opportunity Scheme (ESOS) (in development); and the scoping study to assess the feasibility of evaluating DECC’s non-domestic projects (due to report in July 2015). These may provide an opportunity to re-analyse forthcoming evidence or to develop common research questions, share data and share relevant insights that will support CCA evaluation.

Existing studies, literature and research on the CCA: An illustrative list of the previous studies on the CCA scheme that have been identified is attached in Annex E.

# Aims and Objectives

DECC is looking to commission independent evaluation expertise to help scope the evaluation requirement for the CCA scheme that started on 1 April 2013. The aim of this work to ensure that there is a high quality evaluation plan in place that enables the Department to proceed with tendering a future robust, cost-effective evaluation.

This commission will be carried out in close cooperation with the DECC CCA evaluation lead and policy team.

To achieve this aim, the commissioned evaluation expert/s will:

* Scope and set out a structure for a full set of evaluation and analytical questions for evaluating the CCA scheme.
* Provide a critical appraisal of the methodological approaches that have been taken by evaluators in their evaluations of the old CCA scheme and a view on which, if any, of these approaches could be used for the evaluation of the present CCA scheme.
* Identify and advise on the challenges and how to address them around an evaluation of the new CCA scheme, particularly in specifying the quantitative or econometric methods for assessing the impact of the scheme and advising on the timing of evaluation work given the availability of data.
* Building on the previous thinking of the CCA team develop an outline evaluation plan that sets out options for how each evaluation question can be robustly addressed and the analytical techniques that can be used to answer these questions. This would include work to:
	+ Assess and recommend how each evaluation question can be robustly addressed using evidence collected by quantitative or qualitative primary research (which would need to be commissioned by DECC at a later date) or through existing sources. The commissioned evaluation expert/s should set out how any data collected could address the evaluation questions and how it could be analysed in order to do so and justify these proposed approaches as compared with other alternatives.
	+ Assess what types of expertise would be required from potential contractors
	+ Develop estimated costings for individual elements of the work and help finalise a costed evaluation plan that could address the evidence needs for monitoring and evaluating the CCA scheme.

# Outputs Required

The commission is to produce an evaluation plan in collaboration with the DECC CCA evaluation and policy leads. We expect the minimum outputs to be:

* A plan for the econometric analysis as part of the evaluation, including an assessment of the methodologies employed in previous academic papers; and advice on whether and how they could be used for a quantitative evaluation of the impacts of the current scheme.
* An evaluation plan to include:
* Framing: proposals on how to structure the evaluation
* Identification and prioritisation of key questions
* Options for methodologies to answer the key questions and an indicative range of costings.
* Summary (2-3 pages) of any learning and findings of developmental work on the evaluation plan that can be published and shared with potential contractors for any future evaluation project on the new CCA scheme.

We would welcome initial suggestions as to any further outputs and would expect to agree a final set of deliverables at the inception stage.

The evaluation plan produced by the commissioned evaluation expert/s may form the basis of a subsequent ITT, written by DECC, for commissioning the delivery of an evaluation or elements of an evaluation. We will also require the commissioned evaluation expert/s to produce a short learning report that can be shared with any future potential contractors.

# Ownership and Publication

, All outputs from this commission will be owned by DECC. The outputs, raw data and tools developed in the research cannot therefore be used by those contracted under this ITT for purposes other than our work.

**Storage and Transfer**

The contractor will need to ensure that all appropriate regulations are adhered to regarding safe storage and transfer, compliant with DECC requirements for the data processing of restricted data.

# Quality Assurance

Bidders must set out their approach to quality assurance in their response to this ITT. The approach must detail mechanisms to ensure work and advice provided as part of this commission are informed, reliable, and robust to scrutiny by DECC or other external parties.

# Timetable

The following timetable has been developed to deliver outputs within this commission. Bidders may amend the timetable as long as a reasonable rationale for doing do is provided.

|  |  |
| --- | --- |
| **Action** | **Timing – completed by** |
| Inception meeting | Start March 2015 |
| Assessment of previous econometric analysis  | April 2015 |
| Draft evaluation plan, including draft econometric /quantitative analysis plan | Late April 2015 |
| Evaluation plan finalised and delivery of short learning report | May 2015 |

After the inception meeting in early March 2015, we expect there will be at least two further meetings with DECC officials, in conjunction with regular progress updates by email. However, bidders are welcome to suggest an appropriate number and frequency of meetings with the DECC evaluation and policy leads required for the completion of this work. Meetings are assumed to be held at DECC unless suggested otherwise.

# Challenges

Bidders should suggest how they would approach the following challenges and are encouraged to identify others.

A key challenge for the commissioned evaluation expert/s will be to become familiar with the policy and the evaluation requirement in time to meet the scoping timetable and effectively feed in to the development of the detailed evaluation plan.

The success of the commission will depend on effective joint working with DECC’s CCA policy professionals and analysts. Contractors are encouraged to propose a plan for collaborative working to a short timetable.

Other challenges to the evaluation plan that have been identified by DECC that will need to be considered in an evaluation plan include:

***Impact evaluation***

* Identifying the counterfactual: A key requirement of an impact evaluation is to identify the additional contribution of the CCA scheme, which is likely to be challenging because of the characteristics of the scheme.
* The nature of the CCA scheme mean that there are limitations on the types of impact evaluation designs that could be employed (e.g. a before and after comparison or to have an effective control group). For example, the scheme covers all of energy intensive industry – with the exception of those mineralogical and metallurgical operators that have withdrawn from the scheme since 1 April 2014, following their exemption from paying the CCL – and includes a variety of sectors. Each of these sectors have different energy efficiency or emissions reduction targets, some of these absolute targets and some of them targets set relative to production or throughput. The evaluation plan will need to determine to what extent a robust impact evaluation is possible if these challenges cannot be overcome.
* The challenges for the new CCA scheme include:
	+ since participants’ targets expire three years before the end of each target period and new targets are not reported on earlier than two years into the next target period. This leaves a data gap of up to five years, that the contractor will need to consider in developing the recommendations on the optimal methodology/ies.
	+ there is limited availability of data from scheme participants. The first data to become available for target period 1 is expected in autumn 2015, which is when the extent of use of buyout will also be known. One challenge is to determine the role this scheme data would play in an evaluation and when sufficient data for an evaluation might become available.
	+ the timing of the target review (evidence gathering during 2015 and reporting during 2016) may pose a challenge for timing of data collection.
* Crowded policy landscape: Many CCA scheme participants are also subject to other climate change and energy efficiency policies. An evaluation approach will have to control for the effects of other policies so that the impact attributed to the CCA scheme can be identified.
* Other impacts: There have been significant changes to the wider economy before and since the introduction of the new CCA scheme that may have affected participants’ responses to the scheme, and their behaviour. In addition, changes in behaviour may be driven by factors internal to the organisation, for example, organisational strategies or initiatives. Critically, indicators to assess the impacts of the scheme that relate to trends, such as energy use or investment patterns, will need to have appropriate controls for impacts driven by any factors other than the CCA.

***Data and burden on business***

* Where new data collections are required it will be a priority to minimise burden on businesses. The evaluation plan should take account of this as far as possible.

***Other challenges***

* Bias/ lobbying: In designing the evaluation plan, the commissioned evaluation expert/s should take account of the fact that participants are likely to seek to use the evaluation as a way of lobbying for its continuation - due to the financial benefit it provides - and for changes to the way it is administered.
* Changes in policy/ policy uncertainty: The CCA design and policy landscape has changed following the consultation in 2012, which resulted in the simplification of the policy.

# Working Arrangements

The successful contractor will be expected to identify one named point of contact through whom all enquiries can be filtered. The DECC project manager (CCA evaluation lead) will be the central point of contact.

There will be a number of key actors within DECC for this commission and a working group will be set up to inform key decisions.

DECC will conduct internal peer review throughout the project, and may engage external peer reviewers at key stages.

The proposed way of working and plan of activity must be agreed by DECC. The contractor must assume regular, frequent communication either on-site or remotely, by phone or email, with the evaluation lead and associated CCA officials.

# Required Skills

 A range of different skills are required for this research. Contractors should clearly set out the skills and expertise of the individual(s) provided by their bid to meet the requirements.

The following skills are considered particularly important for this work:

* Collaborative working with policy and analyst teams to understand CCA policy aims to support the evaluation;
* Designing policy evaluation with econometric / quantitative research elements;
* Designing policy evaluation with qualitative social research elements;
* The use of administrative datasets, data access and data matching;
* Ability to communicate clearly and concisely, both verbally and in writing and experience of drafting high quality reports;
* Ability to deliver robust and high quality analytical work under tight timescales using appropriate project management techniques;
* Familiarity with industrial energy efficiency policies;
* Identifying, prioritising and framing evaluation questions;
* Developing evaluation plans – methods and costing to meet clear evaluation questions.

 Contractors should propose named members of the project team, and include the tasks and responsibilities of each team member. This should be clearly linked to the work programme, indicating the grade/ seniority of staff and number of days allocated to specific tasks.

Contractors should identify the individual(s) who will be responsible for managing the project.

# Budget

The budget for this project is up to £16662.50 excluding VAT.

Contractors should provide a full and detailed breakdown of costs (including options where appropriate). This should include staff (and day rate) allocated to specific tasks.

Cost will be a criterion against which bids which will be assessed.

Payments will be linked to delivery of key milestones. The indicative milestones and phasing of payments is as follows:

|  |  |  |
| --- | --- | --- |
| **Milestone** | **Proportion of total Payment**  | **Indicative delivery date** |
| Assessment of previous econometric analysis and delivery of draft econometric/ quantitative analysis plan | 40% | April 2015 |
| Draft evaluation plan | 20% | Late April 2015 |
| Delivery of full evaluation plan and short learning report | 40% | May 2015 |

In submitting full tenders, contractors confirm in writing that the price offered will be held for a minimum of 60 calendar days from the date of submission. Any payment conditions applicable to the prime contractor must also be replicated with sub-contractors.

The Department aims to pay all correctly submitted invoices as soon as possible with a target of 10 days from the date of receipt and within 30 days at the latest in line with standard terms and conditions of contract.

**Feedback**

Feedback will be given in the unsuccessful letters or emails.

1. **Procedure for returning your response**

6.1 Please submit your response by email to Laura.edwards@decc.gsi.gov.uk , by **5pm on 4th March 2015.** DECC reserves the right to reject any response received after this deadline. Please ensure you complete and sign the *Form of Tender* (see Annex B).

6.2 DECC shall have the right to disqualify you from the ITT if you fail to fully complete this response. DECC shall also have the right to disqualify you if it later becomes aware of any omission or misrepresentation in your response to any question.

6.3 Please ensure your response is in Microsoft Word format, and no longer than 10 sides excluding declarations and annexes. Please do not enclose generic marketing brochures unless their content is directly relevant to the answer to a question (e.g. an individual’s curriculum vitae).

6.4 Please complete the *Pricing Schedule* (see Annex A) specifying the daily rates you will charge for each team member (ex-VAT) and overall costs. In your response to this invitation to tender, you should also show whether, and to what extent, these rates are discounted from the maximum rates agreed for the Framework contract. You should also attach proposed payments to key milestones in the project

6.5 The Department requires tenders to remain valid for a period indicated in the specification of requirements.

6.6 For questions regarding the procurement process or the nature of the proposed contract please contact the procurement manager (Nicola.Brown@decc.gsi.gov.uk) and the project manager (Laura.edwards@decc.gsi.gov.uk) for this contract. All questions should be submitted by 5pm on 27th February 2015; questions submitted after this date may not be answered. Should questions arise during the tendering period, which in our judgement are of material significance, we will publish these questions with our formal reply by the end of 2nd March 2015 and circulate – unnamed - to all organisations that have expressed an interest in bidding. All contractors should then take that reply into consideration when preparing their own bids, and we will evaluate bids on the assumption that they have done so.

**Checklist of Documents to be Returned**

• Tender Document

• Quality Assurance Plan

• Declaration 1: Conflict of interest

• Declaration 2: Statement of non-collusion

• Declaration 3: Form of Tender

**7. Assessment of Responses**

7.1 DECC will select the tender that scores highest against the criteria and weightings listed below:

* **Conflict of interest:** pass/fail. See page 1 of the ITT for further information
* **Understanding requirement**: Demonstrated understanding of project aims and proposal to deliver a high quality, robust, rigorous approach to meeting these aims; (20%)
* **Skills and expertise**: An understanding of current industrial energy efficiency policies; relevant research and analytical expertise required to deliver their assigned tasks to meet Government Social Research standards, including econometric or quantitative evaluation; identifying, prioritising and framing evaluation questions; the use of administrative datasets and data matching; developing evaluation plans; (30%)
* **Addressing Challenges and Risks:** All relevant challenges and risks are identified, including ethical issues, alongside effective plans for mitigation, management and contingency; (20%)
* **Management and Delivery:** Effective quality, relevance and breadth of management oversight processes, including work planning, budget control, effective working arrangements, an appropriate level of input from each skillset, quality assurance and on-going risk management/identification. The provision of a detailed delivery plan with specific reference to this project is required, including: tasks; milestones; individuals allocated to tasks, their seniority and respective numbers of days; (20%)
* **Cost:** Price will be marked proportionately to the lowest bid. The lowest bid will receive maximum marks for the price elements and then all other bids will be marked proportionately to that bid. Where contractors indicate options, they should clearly indicate their preferred approach, which the cost and other criteria will be scored against. (10%)

7.2 Tenders will be assessed on a scale of 1-5 against each of these criteria, in line with the original specification for the Framework Contract, where:

|  |  |
| --- | --- |
| **Score** | **Description** |
| 1 | Not Satisfactory: Proposal contains significant shortcomings and does not meet the required standard |
| 2 | Partially Satisfactory: Proposal partially meets the required standard, with one or more moderate weaknesses or gaps  |
| 3 | Satisfactory: Proposal mostly meets the required standard, with one or more minor weaknesses or gaps. |
| 4 | Good: Proposal meets the required standard, with moderate levels of assurance |
| 5 | Excellent: Proposal fully meets the required standard with high levels of assurance |

7.3 The price criterion will be marked proportionately to the lowest bid. The lowest bid will receive maximum marks for the price elements and then all other bids will be marked proportionately to that bid.

7.4 Bidders are strongly advised to structure their tender submissions to cover each of the criteria above.

7.5 DECC reserves the right to award the scoping study contract based on applicants’ written proposal if one candidate emerges from the evaluation stage as significantly stronger than the others.

Should interviews go ahead, DECC will shortlist up to three suppliers with the highest marks from the written proposals (or more where scores are tied). Interviews will be held on 6th or 9th March 2015. If this date changes, DECC will notify applicants. DECC expects that the key staff within the proposal will attend the interviews.

A maximum of 30 marks can be awarded to any one contractor/consortium at the interview. The areas to be covered in the interview, and markings allocated to each topic area will be sent to the shortlisted supplier prior to interview.

Further details of interviews will be sent to successful applicants on selection.

**8. Terms and conditions applying to this Invitation to Tender**

8.1 In submitting a response it will be implied that you accept all the provisions of this specification and DECC’s Standard Terms and Conditions of Contract (issued with the original Framework ITT).

8.2 By issuing this Invitation to Quote, DECC is not bound in any way to enter into any contractual or other arrangement with you or any other party.

8.3 It is intended that selection of DECC’s preferred supplier will take place in accordance with the provisions of this Invitation to Quote but DECC reserves the right to terminate, amend or vary the procurement process by notice in writing. DECC will accept no liability for any losses (including but not limited to your bid costs) caused to you as a result of this. You will not be entitled to claim from DECC any cost or expenses that you may incur in preparing your response.

8.4 All information supplied to you by DECC, either in writing or orally, must be treated in confidence and not disclosed to any third party unless and until the information is in the public domain (see 2.7 and 2.8).

8.5 The Freedom of Information Act 2000 (“FOIA”) and the Environmental Information Regulations 2004 (“EIR”) apply to DECC. You should be aware of DECC’ obligations and responsibilities under FOIA or EIR to disclose, on written request, recorded information held by DECC. Information provided by you in connection with this procurement exercise, or in any contract that may be awarded as a result, may therefore have to be disclosed by DECC in response to such a request, unless DECC decides that one of the statutory exemptions under the FOIA or the EIR applies. For example, if you wish to designate information supplied as part of this response as confidential or if you believe its disclosure would be prejudicial to anyone’s commercial interests, you must provide clear and specific detail as to the precise elements which are confidential or prejudicial, but this alone may not prevent disclosure if in DECC’s reasonable opinion publication is required by applicable legislation.

8.6 The Government’s transparency agenda requires that tender documents including those (like this) for an Invitation to Quote are published on a designated, publicly searchable web site. The same applies to any call off contract entered into by DECC with its preferred supplier. By submitting a response in this Invitation to Quote, you agree that your participation will be made public if you are successful. The answers you give to the questions contained in this document will not be published on the web site (but may fall to be disclosed under FOIA or EIR (see above)). Where tender documents issued by DECC or contracts with its suppliers are published DECC will redact them as it thinks necessary, having regard (inter alia) to the exemptions/exceptions in the FOIA or EIR.

**9. Conflict of Interest**

9.1 The DECC standard terms and conditions of contract include reference to conflict of

 interest and require contractors to declare any potential conflict of interest to the

 Secretary of State. Could you please declare, using the Conflicts of Interest

 Declaration Form where you consider that you might have a conflict of interest, and

 how you would propose to mitigate this?

9.2 For further guidance on conflicts of interest see the DECC Framework Contract

 Guidance. During the bidding process organisations may contact Laura Edwards to discuss whether their proposed arrangement is likely to yield a conflict of

 interest. Any responses given to individual organisations or consortia will be

 published on contract finder (in a form which does not reveal the questioner’s

 identity). Any organisation thinking of submitting a bid, should share their contact

 details with the staff member responsible for this procurement, to ensure they

 receive an update when any responses to questions are published.

9.3 Failure to declare or avoid conflict of interest at this or a later stage may result in

 exclusion from the procurement competition, or in DECC exercising its right to

 terminate any contract awarded.

**10. Non-Collusion**

10.1 No tender will be considered for acceptance if the contractor has indulged or

 attempted to indulge in any corrupt practice or canvassed the tender with an officer

 of DECC. Annex B contains a "Statement of non-collusion" declaration form; any

 breach of the undertakings covered under items 1 - 3 inclusive will invalidate your

 tender. If a contractor has indulged or attempted to indulge in such practices and

 the tender is accepted, then grounds shall exist for the termination of the contract

 and the claiming damages from the successful contractors. You must not:

• Tell anyone else what your tender price is or will be, before the time limit for delivery of tenders.

• Try to obtain any information about anyone else's tender or proposed tender before the time limit for delivery of tenders.

• Make any arrangements with another organisation about whether or not they should tender, or about their or your tender price.

10.2 Offering an inducement of any kind in relation to obtaining this or any other contract

 with the Department will disqualify your tender from being considered and may

 constitute a criminal offence.

10.3 Please complete the non-collusion declaration form in Annex B.

**Annex A - Pricing Schedule**

|  |  |  |  |
| --- | --- | --- | --- |
| **\*Grade/level of staff** | **Daily rate** **(ex VAT)** | **No. days offered over course of contract** | **Total price offered per staff member** |
|  | £ |  | £ |
|  | £ |  | £ |
|  | £ |  | £ |
|  | £ |  | £ |
|  | £ |  | £ |
| **Sub-total**  | **£** |

[\*This should include both the main bidder’s staff and sub-contractors]

Part B – Non-staff/project team charges

|  |  |  |  |
| --- | --- | --- | --- |
| **Item** | **No. of items** | **Price per item** **(ex VAT)** | **Total price per offered** |
|  |  | £ | £ |
|  |  | £ | £ |
|  |  | £ | £ |
|  |  | £ | £ |
|  |  | £ | £ |
| **Sub-total**  | **£** |

Part C – Full price offered to include all expenses

|  |  |
| --- | --- |
|  |  |
|  |  |
| **TOTAL excluding VAT** | **£** |

Total Prices quoted in the table above will be treated by DECC as final unless DECC specifically later authorises any deviation from the quoted figures. Written justification for any deviation will be required from applicants in such a scenario.

**Annex B – Declaration forms**

**Declaration 1: Conflict of Interest**

 Please complete this form and return this with your ITT documentation - Nil returns **are**

 required. A declaration of interest will not necessarily mean the individual or organisation

 cannot work on the project; but it is vital that any interest or conflict is declared so it can be

 considered openly.

1. **I have nothing to declare** with respect to any current or potential interest or conflict in relation to this research (or any potential providers who may be subcontracted to deliver this work, their advisers or other related parties). By conflict of interest, I mean, anything which could be reasonably perceived to affect the impartiality of this research, or to indicate a professional or personal interest in the outcomes from this research.

Signed ………………………………………..

 Name …………………………………………

 Position ………………………………………

 ***OR***

1. **I wish to declare** the following current or potential interest or conflict of interest in relation to this research:
* X
* X

*Where a potential conflict of interest has been declared for an individual or organisation within a consortia, please clearly outline the role which this individual or organisation will play in the proposed project and how any conflict of interest has or will be mitigated.*

* X
* X

 Signed ………………………………………..

 Name …………………………………………

 Position ………………………………………

If your situation changes during the project in terms of interests or conflicts, you must notify DECC straight away.

**Declaration 2: Statement of non-collusion**

To: The Department of Energy and Climate Change

1. We recognise that the essence of competitive tendering is that the Department will receive a bona fide competitive tender from all persons tendering. We therefore certify that this is a bona fide tender and that we have not fixed or adjusted the amount of the tender or our rates and prices included therein by or in accordance with any agreement or arrangement with any other person.

2. We also certify that we have not done and undertake not to do at any time before the hour and date specified for the return of this tender any of the following acts:

1. communicate to any person other than the Department the amount or approximate amount of our proposed tender, except where the disclosure, in confidence, of the approximate amount is necessary to obtain any insurance premium quotation required for the preparation of the tender;
2. enter into any agreement or arrangement with any other person that he shall refrain for submitting a tender or as to the amount included in the tender;
3. offer or pay or give or agree to pay or give any sum of money, inducement or valuable consideration directly or indirectly to any person doing or having done or causing or having caused to be done, in relation to any other actual or proposed tender for the contract any act, omission or thing of the kind described above.

3. In this certificate, the word “person” shall include any person, body or association, corporate or unincorporated; and “any agreement or arrangement” includes any such information, formal or informal, whether legally binding or not.

……………………………………………………………………………….….

Signature (duly authorised on behalf of the tenderer)

……….………………………………………………………………………….

Print name

…………………………………………………………….…………………….

On behalf of (organisation name)

…………………………………………………………………….…………….

Date

**Declaration 3: Form of Tender**

To: The Department of Energy and Climate Change

1. Having considered the invitation to tender and all accompanying documents

(including without limitation, the terms and conditions of contract and the Specification) we confirm that we are fully satisfied as to our experience and ability to deliver the goods/services in all respects in accordance with the requirements of this invitation to tender.

2. We hereby tender and undertake to provide and complete all the services required to be performed in accordance with the terms and conditions of contract and the Specification for the amount set out in the Pricing Schedule.

3. We agree that any insertion by us of any conditions qualifying this tender or any unauthorised alteration to any of the terms and conditions of contract made by us may result in the rejection of this tender.

4. We agree that this tender shall remain open to be accepted by the Department for 8 weeks from the date below.

5. We understand that if we are a subsidiary (within the meaning of section 1159 of (and schedule 6 to) the Companies Act 2006) if requested by the Department we may be required to secure a Deed of Guarantee in favour of the Department from our holding company or ultimate holding company, as determined by the Department in their discretion.

6. We understand that the Department is not bound to accept the lowest or any tender it may receive.

7. We certify that this is a bona fide tender.

…………………………………………………………………………........

Signature (duly authorised on behalf of the tenderer)

…………………………………………………………………………………

Print name

………………………………………………………………………….

On behalf of (organisation name)

………………………………………………………………………….

Date

**Annex C**

**Figure 1: Timeline of key dates in new scheme**



NB We recommend this is printed out on A3

**Annex D**

**CCA Evaluation Key Questions Matrix**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| CCA policy objective  | 1. Ensure energy efficiency potential within eligible sectors is realised
 | 1. Effectively minimise competitive distortion as a result of CCL
 | 1. Deliver abatement in a manner which is cost effective
 | 1. Ensure the scheme is administered effectively
 |
| CCA evaluation objective overview*The evaluation process intends to…* | Identify whether CCAs are incentivising sectors to achieve their maximum energy efficiency savings potential.  | Ascertain whether competitive distortion related to CCL has been reduced due to sectors having a CCA.  | Identify whether the administrative costs associated with participation in the scheme are being reduced, as a result of changes to CCAs, in line with projections in the Impact Assessment.Ensure that the way in which the scheme is administered represents value for money for participants, HMG and EA. | Assess how the scheme is being administered by regulators |
| Outcomes and Impact*What difference did the policy make?* | Are there increases in the take up of energy efficiency measures that can be attributed to CCAs?Have CCAs initiated a change in energy efficiency take up that may become increasingly manifest over time? Is there an emerging trend and is it sustainable without further intervention – i.e. what would happen to sectors’ energy consumption if the policy was removed?) How have changes to CCAs impacted on the behaviour of participants? i.e. the introduction of the min/met exemption and changes to sectoral targets/baselines since the scheme began. Has the policy impacted participants’ awareness of energy efficiency? How extensively has this filtered through the organisation?  | Are all eligible sectors subject to risk of competitive distortion as a result of the CCL? Has coverage by a CCA effectively reduced this risk? Has reduced liability to CCL facilitated the pass through of energy related costs for eligible sectors? Has reduced liability to CCL improved the prospect for investing in CCA sectors? | What is the administrative cost of participation in CCAs?Are there unanticipated costs to participants or HMG?How do the benefits (admin cost reductions) compare with capital and operational costs? | Is the way in which the scheme is being delivered effective (e.g. achieving compliance) and efficient (e.g. promoting simple procedures)?Do stakeholders have good access to the information they need?  |
| *How will you know if the policy is a success?* | Emissions reductions/energy efficiency savings (or increased potential for) as a result of actual or planned improvements in energy efficiency that can be attributed to CCAs.How has the level of target impacted participants’ behaviour? Are targets proportionate to the level of abatement achievable from the relevant sectors? Are all participants that have been assessed as eligible, both energy intensive and at risk of competitive distortions as a result of the CCL?  | Competitiveness impacts would be assessed against a suitable counterfactual. For example, impacts on those parts of a sector not covered by a CCA should be higher than those on parts of the sector which are covered. Reduction in CCL liability should reduce energy costs to a level which can enable energy costs to be passed through to downstream customers without loss of market share. (or a reduction in profits with no impact on future investment in the sector).   | The administrative burden associated with participation in CCAs is proportionate to the benefits accrued to participants.  | High levels of compliance are achieved with minimal regulatory forceClear lines of communication and good/timely access to information means stakeholders understand the scheme requirements. |
| *Who is expected to benefit from the policy?* | * CCA participants: increased energy efficiency/emissions reductions will result in savings to their energy bill, meeting their CCA targets and as such reduced liability to CCL.
* DECC and HMG: Deliver cost effective abatement and improve stakeholder buy-in by minimising regulatory burden and developing effective systems for policy delivery.
* Maintaining jobs and jobs growth through better prospects for investment.
 |
| *Which of the anticipated impacts and outcomes are most important to assess?* | Accuracy of targets and assessment of eligibility.  | Whether the reduction in CCL liability has had an impact on sectors’ at risk of competitive distortion. | Participant administrative costs | Participant compliance rates and understanding |
| *What longer term impacts should be assessed?* | Are energy efficiency savings permanent or temporary changes? The long-term trend in emissions reductions/energy efficiency savings and the longer term view on the technical potential of sectors.Energy costsInvestment in Energy Efficiency | How has participants’ competiveness been impacted as a result of the economic downturn. Impact of CCL on long-term investment cycles.  | Is there scope for further simplification/reductions in admin burden?Have energy efficiency improvements impacted on participants’ operational and capital costs? | Administrative burden on participants |
| *Do you need to quantify impacts, as well as describe them?* | Yes. Given the anticipated limitations on evidence, the evaluation will need to use both quantitative and qualitative information to evaluate impacts |
| *Do you need to assess the actual cost-benefit of the policy?* | Yes | Yes to understand whether the policy is the most cost effective means of mitigating the risk of competitive distortion.  | Yes, to compare the benefits (admin cost reductions) against capital and operational costs. | Yes, The scheme needs to represent value for money in the way it is currently administered. |
| *Are you expecting the policy to deliver wider knock-on effects?* | Participants: Increased awareness of climate change mitigation and increased demand for energy efficient products/management systems (i.e. the impacts on the green economy and growth agenda) DECC and HMG: Improved capacity on policy delivery, support for delivering other climate/energy efficiency objectives(for info, no need to quantify) |
| Inputs and Outputs*What was delivered?* |  |  |  |  |
| *How will you know if the policy is on track?* | Participants’ targets will be set in proportion to the level of cost effective abatement achievable and will be met. Impact will be attributable to the policy intervention rather than those of other policies/external factors.  | The risk of competitive distortion, as a barrier to take up of energy efficiency, will be effectively addressed.  | Reductions in admin burdens achieved as a result of changes to the policy.Lower regulator costs, as a result of improved participant understanding and compliance, will transfer through to participants in the form of reduced administration fees payable to regulators.  | High levels of participant engagement/compliance |
| *Are there interim steps in delivery which can be identified?* | The extent of emissions reductions/energy efficiency savings can be measured at the end of each scheme phase, following policy changes and/ or at the end of each reporting period*.*DECC management of research/consultancy outputs for target setting review deliver quality outputs. EA management of AEA technical input ensures robust inputs to feed into target setting review.  | The success of the policy in this regard can be measured at the end of each target period.  | EA guidance and helpdesk response times will be accessible and deliver greater participant understanding. Third party contractor costs to participants will be reduced as a result of greater understanding.  |
| *Do you need to understand why the policy does/ does not achieve anticipated outcomes?* | Yes | Yes. Need to understand the impact of external factors i.e. economic downturn.  | Yes, what are the most administratively burdensome elements of the scheme? | Need to understand why there might be lack of compliance and ensure administrative process is adapted to address this where necessary. |
| *What contextual factors might affect delivery?* | The impact of CCAs independent of other policies or external factors will need to be considered i.e. the economy, other policies, or internal initiatives. | The impact of the global economic situation could skew the delivery of this impact, particularly where the economic impact is unevenly distributed between countries which compete with UK sectors covered by CCAs.  | Administrative requirements of other policies affecting CCA participants.  | High staff turnover and resulting knowledge loss.Lack of participant engagement in communications.  |

**Annex E: Selected research studies on the impact of the CCA Scheme that ended in 2012**

**P. Ekins and B. Etheridge, *‘The environmental and economic impacts of the UK climate change agreements*’, Energy Policy, vol. 34, no. 15, pp. 2071–2086, Oct. 2006.**

Compares the estimated projections of Cambridge Econometrics with the actual energy efficiency on CCA reported data. Through modelling and by analysis of the results of the first CCA target period, this paper analyses the stringency of the targets, and the economic and environmental implications of the CCAs.

**T Barker, P Ekins, T Foxon**,

[***Macroeconomic effects of efficiency policies for energy-intensive industries: the case of the UK Climate Change Agreements, 2000–2010***](http://www.sciencedirect.com/science/article/pii/S0140988307000047), [Energy Economics](http://www.sciencedirect.com/science/journal/01409883) [Volume 29, Issue 4](http://www.sciencedirect.com/science/journal/01409883/29/4), **July 2007**, Pages 760–778

The study models the UK Climate Change Agreements (CCAs) and related energy-efficiency policies for energy-intensive industrial sectors. Bottom–up estimates of the effects of these policies are introduced into the energy-demand equations of a top–down dynamic econometric model of the UK economy with fifty industrial sectors, MDM-E3. This allowed estimation of the effects of the reduced energy use for the outputs from the sectors, i.e. the reductions in unit costs of the energy-intensive industries, on the demand for their outputs (both in the UK and in the export markets). The model is solved as a counterfactual 2000–2005 and as a projection 2005–2010 in a series of scenarios to allow estimation of the effects of the policies on inflation and growth, as well as on overall energy demand and CO2 emissions.

**R. Martin, L. B. de Preux, and U. J. Wagner, ‘*The impacts of the Climate Change Levy on business: evidence from microdata*’,** The Centre for Climate Change Economics and Policy (CCCEP), Working paper 7**, 2009** and Working Paper 17446 National Bureau for Economic Research, **2011**

Compiled and matched confidential business datasets from the Office of National Statistics that can only accessed by approved researchers. Used a longitudinal business microdata to compare industrial plants that that the full CCL rate with those that pay who have a CCA and pay the discounted rate.

**S. Bassi, A. Dechezlepretre and S. Fankhauser, *Climate change policies and the UK business sector: overview, impacts and suggestions for reform,* November 2013**

Gathered financial information on a large sample of 3 million UK-based businesses, for the period 1997-2010, identifying 2,834 businesses from this with operating facilities with a CCA.

To construct a counterfactual scenario of how the businesses subject to CCAs would have behaved had they been subject to the full CCL rate, each business with a CCA was matched to a similar business without a CCA and therefore subject to the full rate of the CCL.

Link to main paper: <http://www.lse.ac.uk/GranthamInstitute/publication/climate-change-policies-and-the-uk-business-sector-overview-impacts-and-suggestions-for-reform/>

Appendix1:<http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/2013/11/Appendix-1_Methodology-for-the-assessment-of-competitiveness-and-innovation-impacts.pdf>

**Environmental Audit Committee: *Reducing Carbon Emissions from UK Business: the role of Climate Change Levy and Agreements;***Second Report of Session **2007-8**

A report by the National Audit Office (NAO) on the effectiveness of the CCA scheme at the end of the 2007 milestone reporting period. The EAC’s report reviewed the evidence presented in the NAO report alongside oral and written evidence from academics and industry.

<http://www.publications.parliament.uk/pa/cm200708/cmselect/cmenvaud/354/354.pdf>

**National Audit Office: *The Climate Change Levy and Climate Change Agreements,* August 2007**

In August 2007, the National Audit Office (NAO) carried out a review of CCAs, conducting their own survey and analysing other published research including econometric studies and surveys carried out by Green Alliance and nPower. <http://www.nao.org.uk/wp-content/uploads/2012/11/climate_change_review.pdf> -

**Ricardo-AEA , *Decarbonisation of heat in industry: A review of the research evidence, Report for the Department of Energy & Climate Change*,** Ricardo-AEA/R/ED58571 Issue 1 Date **31/07/2013**

The review followed a Rapid Evidence Assessment methodology in accordance with the guidance provided by DECC. A total of 527 papers and reports were collected using a systematic search of relevant academic literature databases, a targeted search of the grey literature and requests for suggestions from relevant industry associations. All papers were categorised and split according to sector and topic (i.e. technology, policy or organisational focus). The quality, source and objectivity of each paper were analysed and the papers were further filtered according to category-specific relevance criteria. The quality of evidence was assessed by examining the methods used, judging their robustness and the strength of conclusions drawn from them.

**Ricardo-AEA, *Updating and extending carbon budget trajectories: A review of the evidence, October 2013,*** Report for Committee on Climate Change

Reviewed the carbon budget trajectories for industry produced in 2010 by the Committee on Climate Change and updated them to take consideration of policy and new information.

The approach taken to carry out this work was to:

1. Review the existing CCC data and analysis from 2010

2. Examine policy and economic changes since 2010 and their potential impact on abatement options for industry

3. Develop a model of these impacts for the key industry sectors

4. Report on the outcomes and review them with key industry sector representatives

<http://www.theccc.org.uk/wp-content/uploads/2013/12/Ricardo-AEA-2013-Updating-and-extending-carbon-budget-trajectories-A-review-of-the-evidence.pdf>

**I. Bailey and C. Ditty, ‘*Energy markets, capital inertia and economic instrument impact*s’,** Climate Policy, vol. 9, no. 1, pp. 22–39**, 2009.**

Survey of 189 UK companies from the cement, aluminium and chemicals sectors and 23 interviews with sector associations and businesses from these and other energy-intensive industries.

**N. Davies and Z. Makuch,** ***UK Climate Change Agreements: An Evaluation of Performance to Date and Options for the Future***, European Energy and Environmental Law Review, **February 2009.**

Analysis of empirical data from stakeholders.

1. See Climate Change Agreements: Government response to the January and March 2012 consultations and Climate Change Agreements: Government response to the September 2011 consultation. [↑](#footnote-ref-2)
2. Climate Change Agreements Operations Manual, September 2014. [↑](#footnote-ref-3)