

National Framework Agreement for the Supply of Electricity

Project Reference: F/021/EST/18/IB

SCHEDULE A

FRAMEWORK AGREEMENT SPECIFICATION

1 CURRENT PORTFOLIO

- 1.1 The current purchasing portfolio is a mixed portfolio of “non-half-hourly metered (NHH)” supplies and “half hourly metered (HH)” supplies. Further details of the current portfolio (site name, MPAN, site address and 12 months HH data for each HH supply point and latest annual consumption for each NHH supply point) are provided in Appendix 4 and Appendix 5 for indicative purposes.
- 1.2 The combined volume of the current purchasing portfolio is approx. 250 GWh's but this is provided for indicative purposes only and is subject to change. The Framework Manager offers no volume guarantees for the volume of electricity that will be purchased through this Framework Agreement.
- 1.3 The Supplier will be required to demonstrate a flexible approach to potential volume changes in the portfolio (for example, if a Participating Organisation closes a site).

2 SUPPLY SPECIFICATION

- 2.1 The Supplier will be required to supply electricity to the Participating Organisations on this Framework Agreement.
- 2.2 The Supplier is required to submit a basic offer which has no “cash out” requirement and in which the Supplier will take balancing risk with the opportunity to apply a minimum/maximum volume tolerance to the portfolio. The Energy Partner is willing to consider products which offer:
 - a) base load only purchases
 - b) annual residual trades
 - c) shaped fee product (i.e. no residual trades)but the methodologies for calculating the prices to be applied to residual trades and the uplift to be applied, , must be clearly detailed.
- 2.3 The Supplier is required to provide an appropriate facility for the Energy Partner to fix” and “unfix” electricity for the Participating Organisations using, but not limited to, the following ‘flexible’ purchasing mechanisms:
 - a) Live price from the wholesale electricity market (indicate any minimum volume and last trading day associated with this mechanism).
 - b) Price based on a close of day settlement price (Heren, Spectron, Argus, Platts. etc) (any minimum volume, last trading time and premium (if applicable) associated with this mechanism will be evaluated as part of the tender).
 - c) Day Ahead based on market closing price (Heren, Platts, Argus, LEBA, N2EX, etc) (any minimum volume and last trading day and time associated with the selection of this mechanism and the latest day and time for selection of BOM will be evaluated as part of the tender).
- 2.4 The Supplier is required to identify the default purchasing mechanism they propose together with the last trading day and time associated with the

application of the mechanism.

- 2.5 The Supplier must provide an appropriate facility for the Energy Partner to 'fix' and 'unfix' volumes of electricity at wholesale electricity market prices, when required by the Energy Partner.
- 2.6 The Supplier must state the permissible minimum "live price" trade (buy/sell) volume (MW) available at screen price (i.e. no additional premium) for all trading periods which must be no greater than 0.5MW.
- 2.7 The Supplier is required to be flexible in their approach to working with the Energy Partner and apply minimal restrictions for the following:
 - a) the number of buy/sell (fixing/unfixing) trades permissible per trading period over the life of the Framework Agreement.
 - b) making forward trades (buy/sell) of electricity on live or settlement prices for any trading period within the term of the Framework Agreement from the date of portfolio establishment following contract award.
 - c) the number of telephone calls and occasions live/settlement trading requests and trades may be made per business day.
 - d) the trading of electricity on a 'Day ahead' basis.
- 2.8 The Supplier is required to pay to the Energy Partner at the beginning of each supply year the sum of £32,500 to cover the cost of acquisition by the Energy Partner on a daily basis the Heren Electricity (European Spot Electricity Markets), Platts and Argus reports and permanent on-line access to the following real time electricity trading and pricing screens; Spectron Electricity (Vantage), Market Q (integrated Data), ICAP, Prebon and GFI, for the full duration of the Framework Agreement.
- 2.9 The Supplier is required to provide and maintain a facility for the Energy Partner to obtain live wholesale market updates when required.
- 2.10 The Supplier is required to provide an appropriate facility that allows the Energy Partner to place buy/sell orders and pricing alarms and advises when buy/sell orders are completed and pricing alarms triggered.
- 2.11 The Supplier will be required to base their settlement index on either offer bid or mid-point prices and identify any associated premiums to be included.
- 2.12 The Supplier will be required to provide as large a daily trading window (opening and closing times) as possible on business days during which trades on live prices can be made and/or requested by the Energy Partner.
- 2.13 The Supplier must confirm whether they are willing to purchase wholesale electricity from third parties identified by the Energy Partner for the purposes of supplying the portfolio subject to suitable credit lines between the third party and supplier; 'sleeving' transactions. The Supplier should make clear whether prices will be "First Look", "Two Look" and "Price Match" and the price to be paid shall be agreed by the Energy Partner

- 2.14 The Supplier must confirm whether their proposal allows Participating Organisations to purchase electricity beyond the Framework/Call-Off Contract end date which can be “sleeved” to another supplier should the Supplier be unsuccessful in becoming the supplier of the subsequent Framework Agreement for the supply of electricity.
- 2.15 Although not a mandatory requirement, it would be favourable if the Supplier could offer mid-point ‘bid-offer’ trading in which trading prices between the ‘Bid’ and ‘Ask’ price are available for procuring volumes of electricity for any trading period.

Automated Meter Reading

- 2.15 The Supplier will be required to offer automated meter reading (AMR) devices to all NHH supply points in profile classes 01 to 04 inclusive as well as any supply points in profile classes 05 to 08 which have not migrated to the Half Hourly (HH) settlement market, to ensure that accurate monthly invoicing is achieved. A programme of anticipated AMR installations must be provided within three months of the contract start date and allow for full installation within six months of receiving confirmation of acceptance by individual Customers.
- 2.16 For the duration of the Framework Agreement, the Supplier must have robust maintenance programme/procedures to be employed for AMR’s within the Portfolio, including the resolution of faults or problems within a timely manner.
- 2.17 The Supplier will be required to communicate an up to date log of reported issues to the Energy Partner on a regular basis

3 SERVICE SPECIFICATION

- 3.1 The Framework Agreement will include the following procurement strategy options for take-up by the Participating Organisations; fixed, part fixed - part flexible, fully flexible and Customer bespoke strategies, all to be controlled and managed by the Energy Partner.
- 3.2 The flexible product offered should not include the provision of a “cash-out” mechanism for balancing and risk purposes; in which a proportion of the monthly portfolio volume must be purchased on a Day Ahead mechanism. Instead, volume risk must be taken by the Supplier and any maximum and minimum volume tolerance clearly stated.
- 3.3 The Supplier’s margin (profit and administration charges) and Balance/Flexibility charges must be fixed for the full term of the Framework Agreement but, Balancing Services Use of System Charges, Transmission Losses, Assistance for Areas with High Distribution Cost Schemes, Renewables Obligation, Annual Settlement Charges, Distribution Use of System Charges, Triad Demand Charges, Contract for Difference Charges, Capacity Mechanism Charges and Feed in Tariff Charges will be treated as “pass through”.
- 3.4 NHH supplies will have their electricity volumes bought and electricity commodity prices settled (i.e. fixed) prior to each annual supply year, which commences 01 April of each year of the four year term of the Framework

Agreement. "Pass through" charges, with the exception of Contract for Difference Charges and Feed in Tariff charges, for NHH supplies will also be fixed annually prior to the commencement of each supply year so that a tariff structure can be published. Site additions and deletions will be accommodated within the maximum and minimum tolerances and site additions will be charged on a tariff structure based on the underlying wholesale electricity price of the Participating Organisation.

- 3.5 The Supplier will be required to provide to the Energy Partner and the Framework Manager a full and detailed breakdown of all charges in relation to the delivered cost of electricity for each supply point supplied through the Framework Agreement.
- 3.6 The Supplier will be required to provide to the Energy Partner monthly HH consumption data for each HH supply point in the portfolio by the 6th day of the month following the month of consumption.
- 3.7 The Supplier will be required to provide to the Energy Partner prior to the start of each supply year, an update of the current Supply Capacity level being charged for each supply point supplied through the Framework Agreement.
- 3.8 The Supplier will be required to demonstrate a flexible approach to the addition and removal of supply points at any time. The Supplier will be required to have a process for managing variations in volume requirements, caused through site additions and deletions, to ensure annual take or pay volumes are adjusted so that agreed min/max percentages are retained.
- 3.9 The Supplier will be required to provide the facility for Participating Organisations to manage their account online. The online account management must include (but not be limited to) the functionality for Participating Organisations to view/submit meter readings, view invoices/credit notes and view consumption (including the provision of HH data for supplies in the HH settlement market) and spend data.
- 3.10 The Supplier will be required to have the following levels of insurance cover in place from the Framework Agreement commencement date and maintain these levels of cover for the duration of the Framework Agreement: £5 million Public Liability, £5 million Professional Indemnity and £5 million Employers' Liability.

4 INVOICING AND PAYMENT

- 4.1 The Supplier will be required to offer Participating Organisations the option to have e-billing, consolidated invoices or invoices by site.
- 4.2 The Supplier must ensure that accurate bills are received within 10 working days following the month of consumption.
- 4.3 The Supplier must ensure that a minimum of 95% of all HH metered supplies within the portfolio are billed on actual HH data and a minimum of 90% of all NHH metered supplies are billed on accurate monthly meter readings where AMR is installed.

- 4.4 The Supplier is expected to meet minimum payment terms of 21 days from date of invoice but may offer a longer term at no additional cost.
- 4.5 The Supplier will be required to provide a full and detailed price validation system to ensure that the correct wholesale energy price is charged and all industry pass through charges and Government taxes and levies are checked on a regular basis.
- 4.7 The Supplier must provide a monthly invoice for each site (to Participating Organisations) which shows a full breakdown of costs/charges.

5 FRAMEWORK MANAGEMENT

- 5.1 The Supplier will be required to attend regular meetings and or participate in telephone conference calls with the Framework Manager and the Energy Partner.
- 5.2 During these meetings, the Supplier will be required to report on their performance against various key performance indicators (KPI's), to be agreed between the Framework Manager, Energy Partner and the Supplier at the start of the Framework Agreement.
- 5.3 The Supplier must have a robust query and complaints procedure and issue, upon request, a query/complaint log with a progress update for each query/complaint.
- 5.4 The Supplier will be required to provide a suitable and timely resolution to queries and concerns raised by the Framework Manager, the Energy Partner and/or Participating Organisations throughout the duration of the Framework Agreement.
- 5.5 The Supplier must acknowledge or resolve queries received from Participating Organisations and/or the Energy Partner within 48 hours and provide a prompt resolution timeframe if the query cannot be resolved immediately. Where anticipated timeframes need to be revised, the Supplier must inform the Participating Organisation and the Energy Partner and provide the reasons for not resolving the query in the original timeframe.
- 5.6 The Supplier must ensure that all supplies are transferred to them from the incumbent supplier on the 1st April 2020. If any supplies fail to transfer on this date and the fault lies with the Supplier, the Supplier must provide appropriate compensation for any additional costs incurred.
- 5.7 It will be the Supplier's responsibility to ensure that, during the term of the Framework Agreement, any new supply points eligible for transfer are transferred onto the contract within 4 weeks of notification.
- 5.8 In the event of an erroneous transfer the Supplier will be liable for any additional costs incurred by the Participating Organisation.
- 5.9 The Supplier shall provide management information to the Framework Manager and Energy Partner within 30 days of each anniversary of any locally awarded Contract and on the anniversary of the Framework Agreement, and within 30 days of termination/expiry of the Contract(s) and Framework Agreement.

- 5.10 The management information to be provided shall state the amount and value of each Call-Off Contract by each individual Participating Organisation, and shall be presented in a format agreed during contract implementation. The Energy Partner will co-ordinate the management information for the Participating Organisations. The Supplier shall provide management information to the Energy Partner for distribution to the Participating Organisations at the frequencies and in the format the Energy Partner and the Participating Organisations require. By exception, the Supplier may be required to provide Management Information directly to the Participating Organisations.
- 5.11 The management information should be provided electronically, presented in Microsoft Excel.

6 FRAMEWORK FEE

- 6.1 To cover the cost of both energy buying and framework management, the successful Supplier will be required to pay a Framework Fee to the Framework Manager and the Energy Partner which reflects the volume of business that the Supplier will obtain through the Framework Agreement.
- 6.2 The Framework Fee payable by the supplier will represent approximately 1.5% of the total gross business achieved under all call-off contracts under this Framework Agreement, depending on the make-up of the final portfolio. The Framework Fee for NHH profiles will be calculated on the basis of a monthly charge (£/MPAN/month) whereas the Framework Fee for all Half Hour supplies will be calculated on the basis of a fixed fee and/or a unitary management charge.
- 6.3 For Participating Organisations that were customers of the Energy Partner at April 2016 that use the Electricity Framework Agreement the Supplier will pay 85% of the Framework Fee to the Energy Partner and 15% of the Framework Fee to the Framework Manager. For all other Customers, the Supplier will pay 82.5% of the Framework Fee to the Energy Partner and 17.5% of the Framework Fee to the Framework Manager. Precise details of the fee structure and its division between the Framework Manager and the Energy Partner will be provided to the successful Supplier following contract award
- 6.4 The successful Supplier will be required to pay 70% of the estimated annual Framework Fee at the commencement of each supply year with the remainder to be paid following a fully transparent reconciliation of the portfolio on actual consumption at the end of each supply year.
- 6.5 To support the fully transparent end of year reconciliation, the Supplier will be required to provide to the Framework Manager and the Energy Partner an end of year report detailing
- a) The monthly consumption for each supply point in the HH portfolio
 - b) The number of NHH supply points in the portfolio, together with profile number, date they joined the portfolio and the date they left the portfolio as appropriate. .
 - c) The monthly and annual Framework Fee and how this has been calculated.

- 6.6 To cover the costs of establishing the Framework Agreement, the successful Supplier is required to pay a one-off up-front advance payment of £30,000 (£15,000 each to the Framework Manager and the Energy Partner). The payments are to be made within two months of establishment of the initial portfolio.

7 ADDITIONAL REQUIREMENTS

- 7.1 The Supplier is required to demonstrate a proactive approach to sourcing energy from renewable, sustainable and carbon-neutral sources, diversifying energy purchases and providing environmental benefits either at no additional cost or a cost benefit.
- 7.2 The Supplier must operate a defined and documented quality management system appropriate to the supply of electricity that meets the requirements of BS EN ISO 9001:2015 (or an equivalent standard).

8 FRAMEWORK TERM

- 8.1 The Framework Agreement shall commence on the Award Date and expire on 31 March 2024.
- 8.2 Electricity will be purchased from the Supplier by the Energy Partner from the Award Date. The Supplier will be required to supply electricity to the Participating Organisations from 1st April 2020 until 31st March 2024.
- 8.3 Call-Off Contracts under this Framework Agreement will terminate no later than 31 March 2024.