

DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR

Dear Sirs

Letter of Appointment

This letter of Appointment dated 17th April 2020, is issued in accordance with the provisions of the DPS Agreement (RM6018) between CCS and the Supplier.

Capitalised terms and expressions used in this letter have the same meanings as in the Contract Terms unless the context otherwise requires.

Order Number:	TBC
From:	Department for Transport ("Customer")
To:	E4tech (UK) Ltd ("Supplier") 83 Victoria Street London SW1H 0HW

Effective Date:	1 st July 2020
Expiry Date:	End date of Initial Period 30 th June 2021 End date of Maximum Extension Period 30 th December 2021 Minimum written notice to Supplier in respect of extension: 30 days

Services required:	Set out in Section 2, Part B (Specification) of the DPS Agreement and refined by:
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	<ul style="list-style-type: none"> · the Customer's Project Specification attached at Annex A and the Supplier's Proposal attached at Annex B; and - Annex D Non-Disclosure Agreement
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Key Individuals:	<p><u>For the Customer</u> REDACTED</p> <p><u>For the Supplier E4tech team</u> REDACTED</p>
Guarantor(s)	Not Applicable

Contract Charges (including any applicable discount(s), but excluding VAT):	<p>As per Annex C Contract Charges.</p> <p>The total Contract value shall not exceed £700,000.00 for the first year, the budget for the extension will be agreed if the option to extend is invoked. The value shall not exceed 50% of the first year budget.</p> <p>As this is a Call Off Contract volumes of work and spend are not guaranteed.</p>
Insurance Requirements	Nothing Additional to those stated in the Terms and Conditions of RM6018
Liability Requirements	Suppliers limitation of Liability as per (Clause 18 of the Contract Terms);
Customer billing address for invoicing:	<p>REDACTED</p> <p>Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables at agreed milestones, as agreed by the Customer's Contract Manager.</p> <p>Payments shall be processed through the submission of invoices to the Customer. Each invoice must include a detailed elemental breakdown of work completed and the associated costs before payment is made.</p> <p>Paper invoices shall only be sent to the Customer's Shared Service Centre upon agreement with the Customer's Contract Manager. At the same time, electronic copies shall be sent to the Customer's Contract Manager by email.</p>

GDPR	Not applicable to this Contractual Agreement
Alternative and/or additional provisions (including Schedule 8(Additional clauses)):	Not Applicable

FORMATION OF CONTRACT

BY SIGNING AND RETURNING THIS LETTER OF APPOINTMENT (which may be done by electronic means) the Supplier agrees to enter a Contract with the Customer to provide the Services in accordance with the terms of this letter and the Contract Terms.

The Parties hereby acknowledge and agree that they have read this letter and the Contract Terms.

The Parties hereby acknowledge and agree that this Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of this letter from the Supplier within two (2) Working Days from such receipt

For and on behalf of the Supplier:

For and on behalf of the Customer:

Name and Title:

Name and Title:

Signature:

Signature:

Date:

Date:

ANNEX A

Customer Project Specification

1. DEFINITIONS

Expression or Acronym	Definition
DEFRA	Department for Environment, Food and Rural Affairs
DfT	The Department for Transport
IMO	International Maritime Organization
Maritime Sector	For the purposes of this research, this comprises the shipping and ports industries only. However, the Customer uses a broader definition in other contexts.
Project Steering Group	The Contract will be overseen by a Project Steering Group to be established and chaired by the Customer. The Project Steering Group will be made up of a small group of officials from the Customer.
UNFCCC	United Nations Framework Convention on Climate Change

2. THE REQUIREMENT

- 2.1 The Supplier shall provide economic research to inform the Government's approach to reducing the maritime sector's contribution to climate change and air pollution. The expected work streams and the potential tasks within each work stream are described below. However, other economic research to inform the Government's approach to reducing the maritime sector's contribution to climate change and air pollution may also be required under the Contract, so additional work streams and / or tasks may be added at a later date.
- 2.2 Some of the key requirements of the analysis that is expected to be required are set out below.

Time period	Analysis is expected to be required for the period between now until 2050, including subsets of this period (e.g. for a specific carbon budget period or for specific years). Analysis may also be required for the period to 2100.
Emissions	<p>Analysis is expected to be required for a range of greenhouse gases and air pollutants. This may include:</p> <ul style="list-style-type: none"> • Carbon dioxide (CO₂) • Methane (CH₄) • Nitrous oxide (N₂O) • Sulphur dioxide (SO₂) • Nitrogen oxides (NO_x) • Particulate matter with diameter less than 2.5 microns (PM_{2.5}) • Particulate matter with diameter less than 10 microns (PM₁₀) • Non-methane volatile organic compounds (NMVOC) • Carbon monoxide (CO) • Black carbon (BC) <p>Analysis may be required for different sources of emissions, such as the operational emissions from shipping activity, and the upstream emissions from fuel production.</p>
Activity	<p>Analysis is expected to be required for a number of different scopes of activity. This may include:</p> <ul style="list-style-type: none"> • UK domestic shipping • UK international shipping • UK bunker fuel suppliers • Shipping in waters near to the UK including those of neighbouring states • Shipping calling at other states • Global shipping • Different ship types (e.g. bulk carriers, containerships, tankers, ro-ro passenger ferries, cruise ships), sizes and ages
Solutions for reducing maritime emissions	<p>Analysis is expected to be required for a range of different solutions for reducing maritime emissions. This may include:</p> <ul style="list-style-type: none"> • Alternative fuels (including biofuels, hydrogen, methanol, ammonia and electricity); • Technical and design measures to reduce fuel consumption and improve fuel efficiency (e.g. hull design, sails and kites) • Operational measures to reduce fuel consumption (including slow steaming); and • Abatement technologies (for example, scrubbers and NO_x aftertreatment). <p>Analysis may also be required on the interplay and trade-offs between these approaches (such as the increased fuel consumption arising from the use of aftertreatment).</p>

Policies for reducing maritime emissions	<p>Analysis is expected to be required for a range of different policies for reducing the emissions of greenhouse gases and air pollutants from the maritime sector. This may include:</p> <ul style="list-style-type: none"> • Taxes • Emissions trading systems • Levies • Investment subsidies • R&D subsidies (e.g. competitions or prizes) • Other market-based measures (MBMs) • Other fiscal measures • Emissions control areas • Other regulation
Costs and benefits	<p>Analysis is expected to be required of a range of costs and benefits. Both quantitative and qualitative analysis is expected to be required. This may include analysis of:</p> <ul style="list-style-type: none"> • Capital costs • Non-fuel operating costs • Fuel costs • Infrastructure costs • Transport costs • Trade costs • Impacts on GDP • Impacts on air quality and the value of these impacts • Impacts on greenhouse gas emissions and the value of these impacts • Impacts on competition and emissions leakage • Impacts on the industrial benefits to the UK

Workstream 1: Potential to reduce the emissions of greenhouse gases and air pollutants from the maritime sector

- 2.3 Undertaking updated analysis of the potential to reduce the emissions of greenhouse gas and air pollutants from the maritime sector, the barriers to reducing emissions, and the costs and benefits associated with different levels of emission reduction.
- 2.4 Producing updated scenario analysis for different types of maritime emissions, including analysing how these emissions would be expected to evolve in the future under both ‘business as usual’ conditions and new policies, and analysing the costs and benefits associated with different scenarios.
- 2.5 Producing updated marginal abatement cost curves for the maritime sector.

Workstream 2: Potential measures that could be introduced by the UK

- 2.6 Undertaking analysis of the measures that would be needed to meet the UK’s net zero emissions target¹, air quality targets such as the WHO recommended PM₁₀ limits, and / or specific carbon budgets; the timing of when measures would need to be introduced; the barriers to the introduction of these measures; and the costs and benefits of these measures.

¹ <https://www.gov.uk/government/news/uk-becomes-first-major-economy-to-pass-net-zero-emissions-law>

- 2.7 Undertaking analysis of the rationale for intervention, costs, benefits and risks of new measures for reducing the greenhouse gas and air pollutant emissions from the maritime sector, including to inform formal impact assessments.
- 2.8 Undertaking analysis to assess the pros and cons of different design features for new measures to support the transition to zero emission shipping against an agreed set of criteria (e.g. how they impact on uptake of zero emission vessels and related refuelling infrastructure).
- 2.9 Undertaking analysis to inform the development of businesses cases² to support spending proposals related to reducing the greenhouse gas and air pollutant emissions from the maritime sector.
- 2.10 Producing other evidence (such as on the costs and potential of different solutions to reduce emissions) to inform the consideration of measures related to reducing the greenhouse gas and air pollutant emissions from the maritime sector.

Workstream 3: Potential measures that could be introduced by the IMO

- 2.11 Undertaking a comprehensive assessment of the impacts that certain MBMs and / or other proposals under consideration by the IMO could have on different states (such as Least Developed Countries and Small Island Developing States), including quantified analysis of the key impacts.
- 2.12 Undertaking analysis to assess the pros and cons of different design features for new measures against an agreed set of criteria (e.g. how they impact on incentives).
- 2.13 Produce other evidence (such as on the costs and potential of different solutions to reduce emissions) to inform the UK's negotiating position at the IMO.

Workstream 4: Development of relevant modelling capability

- 2.14 Developing new modelling capability or supporting the development of relevant modelling capability by the Government.
- 2.15 Producing evidence (such as on the costs and potential of different solutions to reduce emissions shipping) that can be used as an input to other models owned or operated by the Government (such as the UK Times model³)

3. REPORTING REQUIREMENTS

- 3.1 The outputs from each task may include but not be limited to:
 - 3.1.1 A comprehensive report that fully documents the task that has been undertaken and its findings. The report shall include, inter alia, the following sections:

² <https://www.gov.uk/government/news/uk-becomes-first-major-economy-to-pass-net-zero-emissions-law>https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749086/Project_Business_Case_2018.pdf

³ <https://www.ucl.ac.uk/energy-models/models/uk-times>

- 3.1.1.1 An executive summary;
 - 3.1.1.2 A description of the aims and objectives of the task;
 - 3.1.1.3 A full explanation of and justification for the approach taken and the methodology used, including the data sources used and any assumptions made, and its key limitations;
 - 3.1.1.4 A full explanation of all of the results from the task; and
 - 3.1.1.5 A record of the quality assurance that has been taken undertaken (including a Quality Assurance log).
- 3.1.2 Interim reports documenting the task that has been undertaken and its findings.
- 3.1.3 Where relevant, a set of Microsoft Excel spreadsheets (compatible with Microsoft Excel 365) containing all results, quantitative data produced in the task, and any spreadsheet analysis used to calculate the results, including any new analytical models that are created.
- 3.2 The Supplier may also be required to present on the results of some tasks, including to external audiences, and produce slides or other written deliverables.
- 3.3 Any spreadsheets should be fully clear and accessible to the Customer's staff, use the Customer's spreadsheet template, and be designed in accordance with spreadsheet modelling best practice. For example, they shall clearly reference all sources of data used and assumptions made as part of the analysis.
- 3.4 The format and structure of any spreadsheets shall be subject to the agreement of the Customer's Contract Manager.
- 3.5 The format, structure and content (the latter insofar as it relates to the presentation of the results of the research and interpretation of relevant policy) of any reports, and any other written deliverables that are produced under the Contract, shall be subject to the agreement of the Customer's Contract Manager. The proposed format, structure and content of each report shall be agreed in advance with the Customer's Contract Manager.
- 3.6 Full drafts of each report and spreadsheet shall be provided for the Customer's Contract Manager and the Project Steering Group to review. The draft reports and spreadsheets shall then be revised as necessary fully addressing any comments that are provided by the Customer's Contract Manager, and will not be considered finalised until agreed with the Customer's Contract Manager.
- 3.7 Any reports, and any other written deliverables that are produced under the Contract, must present information in a concise, visually impactful way; must be clearly written in a way that is easily accessible to a non-technical audience as far as is possible; technical jargon and terminology must be fully explained; and plain English must be used throughout.
- 3.8 Any reports, and any other written deliverables that are produced under the Contract, shall be provided in an electronic format agreed with the Customer's Contract

Manager; and formatted according to Customer's publication guidelines and accessibility requirements.

- 3.9 The Customer will have the right to publish any reports and other written deliverables.

4. KEY MILESTONES AND DELIVERABLES

- 4.1 A draft of an overall programme shall be submitted for the Customer's Contract Manager and the Project Steering Group to review within 7 days of commencement of the Contract (or an alternative timeframe that is agreed by the Customer's Contract Manager). The programme shall include details of the work to be undertaken, timelines, sequencing and the resources to be assigned. Timetables for each work stream and specific tasks shall be agreed as part of the scoping process for each task. The programme and its content is to be agreed with the Customer as part of the Contract initiation.
- 4.2 When requested to do so by the Customer's Contract Manager, the Supplier shall provide the Customer with a detailed project plan for each task and ensure that each version of the project plan is subject to the approval of the Customer's Contract Manager. The project plan for a task must be approved by the Customer's Contract Manager before work on the task is commenced.
- 4.3 This project plan for each task should include, inter alia, a detailed explanation of:
- 4.3.1 the Supplier's proposed approach and methodology for the task (including data sources and assumptions);
 - 4.3.2 the Supplier's justification for their proposed approach and methodology;
 - 4.3.3 the proposed quality assurance processes;
 - 4.3.4 the proposed timelines for the task, including milestones and deadlines;
 - 4.3.5 the number of days or hours it is proposed that each member of the project team would work on the task for; and
 - 4.3.6 the maximum price for the task.
- 4.4 The Supplier shall ensure that each project plan is maintained and updated on a regular basis as may be necessary to reflect the then current state of the implementation of the services. The Customer shall have the right to require the Supplier to include any reasonable changes or provisions in each version of the plan. Any proposed changes to the plan and individual tasks within the plan shall be documented by the Supplier and submitted to the Customer's Contract Manager for review and/or approval together with a clear statement of impact on the Contract including but not limited to timing, resources and costs. No work shall be undertaken in respect of the proposed change without prior approval.
- 4.5 The Contract will be managed by the Customer's Contract Manager and steered by a Project Steering Group to be established and chaired by the Customer. The first dates for meetings with Customer's Contract Manager and the Project Steering Group will be agreed in the project initiation meeting. These meetings are expected to occur at least monthly.

4.6 The Supplier shall maintain contact with the Customer's Contract Manager, including updates on their progress by phone every week or more often as required. Delivery of the agreed work will be monitored as required by telephone and email discussions with the Customer's Contract Manager. Additional informal progress meetings with the Customer's Contract Manager may be arranged as required.

4.7 A high-level timetable for the initial milestones for this research project has been included below to give the Supplier a sense of the Customer's anticipated timescales for the delivery of the initial outputs required under this Contract, although these are subject to change (e.g. depending on developments in policy work) and the exact timescales for each task will be agreed at the scoping stage for each task. The Customer anticipates that multiple tasks will need to be delivered in parallel and that the final outputs from the first set of tasks commissioned under the Contract will be required by June 2020.

4.8 The following Contract milestones/deliverables shall apply:

Milestone/Deliverable	Description	Timeframe or Delivery Date
1	Project initiation meeting with the Customer's Contract Manager and the Project Steering Group Agreed initial version of overall programme, fully addressing any comments provided by the Customer's Contract Manager	Within 1 week of Contract Award
2	Supplier submits finalised version of outputs from the first set of tasks to the Customer Finalised version of outputs submitted to the Customer, fully addressing any comments provided by the Customer's Contract Manager	Within 1 week of receiving comments from the Customer

5. VOLUMES

5.1 Four main work streams, with the potential for other ad-hoc tasks that complement the Customer's wider programme of work.

6. CONTINUOUS IMPROVEMENT

6.1 The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.

6.2 The Supplier should present new ways of working to the Customer during monthly Contract review meetings.

6.3 Changes to the way in which the Services are to be delivered must be brought to the Customer's attention and agreed prior to any changes being implemented.

7. QUALITY

- 7.1 All analysis undertaken and all deliverables produced under the Contract shall be fully quality assured, and produced to a level of quality that is to the satisfaction of the Customer's Contract Manager.
- 7.2 The Supplier shall follow the Customer's Analytical Assurance Framework⁴ and guidance for quality assuring analytical models⁵ when carrying out their work.
- 7.3 Sign-off for the quality assurance must be done by someone of sufficient seniority within the Supplier's organisation to be able take responsibility for the work done. Acceptance of the work by the Customer will take this into consideration. The Customer reserves the right to refuse to sign off outputs which do not meet the required standard specified.
- 7.4 The Supplier will be responsible for any work supplied by sub-contractors and should therefore provide assurance that all work under the Contract is undertaken in accordance with the quality assurance expectation agreed at the beginning of the project.

8. PRICE

- 8.1 Prior to work commencing on a task, the Supplier shall agree a maximum price for the task with the Customer. The payment made for each task will be based on the hours or days worked on each accepted output, but shall not exceed the maximum price agreed with the Customer.

9. STAFF AND CUSTOMER SERVICE

- 9.1 The Supplier shall provide a sufficient level of resource throughout the duration of the Contract in order to consistently deliver a quality service.
- 9.2 The Supplier's staff assigned to the Contract shall have the relevant qualifications and experience to deliver the Contract to the required standard.
- 9.3 The Supplier shall ensure that staff understand the Customer's vision and objectives and will provide excellent customer service to the Customer throughout the duration of the Contract.

10. SERVICE LEVELS AND PERFORMANCE

- 10.1 The Customer will measure the quality of the Supplier's delivery by:
- 10.1.1 Assessing the timeliness of data and quality, and if the information provided supports policy objectives.

⁴ DfT (2014) *Strength in numbers: the DfT analytical assurance framework*, available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/353372/strength-in-numbers.pdf

⁵ DfT (2014) *Quality Assurance of Analytical Modelling*, available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/350904/qa-modelling-guidance_pdf.pdf

KPI/SLA	Service Area	KPI/SLA description	Target
1	Delivery timescales	Deliver evidence on domestic emissions and domestic shipping by end of September 2020 to inform draft policy papers.	100%
2	Quality of data	Data and outcomes must be robust and support policy objectives.	100%
3	Delivery timescales	Deliver evidence on domestic and international emissions and shipping by October 2021 to support stance for COP26.	100%
4	Delivery timescales	Deliver evidence on international emissions to inform IMO papers at least one month prior to submission deadlines and to inform IMO negotiations at least one month prior to negotiations.	100%
5	Delivery timescales	Deliver project plan of works within a week of being issued with a programme of works.	100%

10.2 In the event of poor performance the Supplier shall take all reasonable steps to rectify their performance. The Customer may make suggestions to increase performance.

10.3 Where poor Supplier performance has not been rectified the Customer shall reserve the right to evoke early termination of the Contract, in line with the terms and conditions of RM6018.

11. SECURITY AND CONFIDENTIALITY REQUIREMENTS

11.1 The Customer takes data security extremely seriously and applies agreed Government security procedures to all Contracts involving the handling of data and 'Official Sensitive' and 'Commercial Sensitive' information.

11.2 The Supplier shall complete and return a Non-Disclosure Agreement (NDA) prepared by the Customer at Annex D. The NDA is intended to cover any third party that is involved by the Supplier in the delivery of the project, in case the Supplier subcontracts specific tasks or forms a consortium.

11.3 No Government level security clearances are required for the delivery of the Contract.

12. INTELLECTUAL PROPERTY RIGHTS (IPR)

12.1 Any Intellectual Property arising from the Contract shall be treated in line with the standard Terms & Conditions of the Contract, as outlined in the Terms and Conditions of RM6018.

12.2 The Customer will own and retain all intellectual property rights arising from the Contract, including for any new models and methodologies that are produced under the Contract. In the case where a pre-existing model is used by the Supplier to generate results for the requirement, the Customer would not own the pre-existing model.

12.3 The Customer reserves the right to use any data provided under this project for production and publication of any reports and results outside of the scope of the contracted project.

13. CONTRACT MANAGEMENT

13.1 The Customer will assign a Contract Manager to the project and will be the central point of contact. They will be the first point of contact for project management or in the case of any potential disputes, with support from the Customer's other senior officials as required.

13.2 The Customer require a robust escalation procedure throughout the Contract.

13.3 Attendance at Contract Review meetings shall be at the Supplier's own expense.

14. LOCATION

14.1 The location of the Services will be carried out at Supplier's premises or other locations as required.

14.2 Some aspects of the Services will require joint meetings at the Customer's offices, including meetings with the Customer's Contract Manager and the Project Steering Group at:

Great Minster House,
33 Horseferry Road,
London,
SW1P 4DR

ANNEX B

REDACTED

ANNEX C Contract Charges

REDACTED

Roles and rates will remain firm for the duration of the Contract and any extension. Rates are based upon an 8 hour day and are inclusive of expenses and exclusive of VAT.