

National Framework Agreement for the Provision of Natural Gas

Project Reference: F/005/EST/17/MH

SCHEDULE A

FRAMEWORK AGREEMENT SPECIFICATION

D.1 CURRENT PORTFOLIO

1. The current purchasing portfolio is a mixed portfolio of “domestic” supplies with an AQ below 2,500 therms/annum and supplies with an AQ above 2,500 therms/annum including both NDM and DM supply points. Further details of the current portfolio (site name, MPR, site address and 12 months daily data for each DM supply point) are provided in SCHEDULE E.1 and SCHEDULE A Appendix 1 respectively for indicative purposes.
2. The combined volume of the current purchasing portfolio is approx. 25 million therms (733 Million kWh) but this is provided for indicative purposes only and is subject to change. The Framework Manager offers no volume guarantees for the volume of gas that will be purchased through this Framework Agreement.
3. The Supplier will be required to demonstrate a flexible approach to potential volume changes in the portfolio (for example, if a Customer closes a site).

D.2 SUPPLY SPECIFICATION

4. The Supplier will be required to supply natural gas to the Customers on this Framework Agreement.
5. 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.
6. The Supplier is required to provide the facility for the Energy Partner to “fix” and “unfix” gas for the Customers using, but not limited to, the following ‘flexible’ purchasing mechanisms:
 - a) Live price based on lowest available offer and highest available bid in the wholesale gas market (indicate any minimum volume and last trading day associated with this mechanism)
 - b) Price based on a close on day settlement price (Heren, ICE, Spectron, etc) (indicate any minimum volume and last trading day associated with this mechanism)
 - c) ICE monthly contract index (indicate any minimum volume and last trading day associated with this mechanism)

- d) Day Ahead with BoW, WKND, WDNW and BOM based on either a live or settlement price (Heren, ICE, Spectron, etc) (indicate any minimum volume and last trading day/time associated with the selection of these products and the latest day and time for selection of BOM)
7. 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.
8. The Supplier must provide the ability to 'fix' and 'unfix' volumes of gas at wholesale gas market prices, when required by the Energy Partner.
9. The minimum permissible individual trade (buy/sell) volume (therms per day) for all trading periods over the life of the Framework must be no greater than 500 therms per day for all transactions.
10. 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
 - b) making forward trades (buy/sell) of gas on live or settlement (e.g. Heren, Spectron etc.) prices for any trading period within the term of the Framework 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 gas on a 'Day ahead' and/or 'Balance of Month' basis
 - e) the trading of gas on a 'WDNW' and 'WKND' basis.
11. The Supplier is required to pay to the Energy Partner at the beginning of each supply year the sum of £20,000 to cover the cost of acquisition by the Energy Partner on a daily basis the Heren Gas (European Spot Gas Markets), Spectrometer and Argus reports and permanent on-line access to the following real time gas trading and pricing screens; Spectron Gas (Vantage), Market Q (ICE Integrated Data), Tullet Prebon, ICAP and GFI, for the full duration of the Framework Agreement.

12. The Supplier will be required to base their settlement index on either offer bid or mid-point prices.
13. 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.
14. The Supplier must confirm whether they are willing to purchase wholesale gas from third parties (including gas from Gas Purchase Agreements) 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.
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 gas for any trading period.

Automated Meter Reading

16. The Supplier must provide automated meter reading (AMR) devices to all metering points in the 'Flexible' portfolio to ensure that accurate monthly invoicing is achieved. This requirement can be provided by either the adoption of any/all existing AMR devices or by undertaking a full installation exercise. AMR must be provided in a timely manner, ensuring there is no break in data provision.
17. 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.
18. The Supplier will be required to communicate an up to date log of reported issues to the Energy Partner on a regular basis

D.3 SERVICE SPECIFICATION

19. The Framework Agreement will include the following procurement strategy options for take-up by the Customers; fixed, part fixed - part flexible, fully flexible and Customer bespoke strategies, all to be controlled and managed by the Energy Partner. Also, a fully flexible “self-managed” procurement strategy (ie. trade decisions taken by Customers but routed to the Supplier via the Energy Partner)
20. The Framework Agreement will not generally include the provision of a “cash-out” and “reconciliation” mechanism for balancing and risk purposes; in which a proportion of the monthly portfolio volume must be purchased on a Day Ahead mechanism. Any “self-managed” fully flexible strategy option adopted by a Customer (or group of Customers) may include a “cash-out” and reconciliation mechanism, but this must be considered as only a potential eventuality and not one for general portfolio operation and management.
21. The Supplier’s margin (profit and administration charges) and Balance/Flexibility charges must be fixed for the full term of the Framework Agreement but, Transportation and Daily Charges will be treated as “pass through”.
22. “Domestic” supplies with an AQ below 2,500 therms/annum will have their gas volumes bought and gas commodity prices settled (i.e. fixed) prior to each annual supply year, which commence 1 April of each year of the four year term of the Framework Agreement. Transportation and Daily Charges for “Domestic” supplies will also be fixed annually prior to the commencement of each supply year.
23. 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 gas for each supply point supplied through the Framework Agreement.
24. The Supplier will be required to provide to the Energy Partner following each April and October review by National Grid Gas plc details of Annual Quantity (AQ) and Supply Point Offtake Quantity (SOQ), where applicable, for each supply point supplied through the Framework Agreement. The Supplier should provide details of how they will handle project Nexus and the introduction of rolling AQ’s, ie whether they would be willing to continue fixing at six monthly intervals.

25. The Supplier will be required to demonstrate a flexible approach to the addition and removal of supply points at any time and to adjust monthly gas requirements to reflect the changes together with any annual take or pay volume to ensure the agreed min/max percentages are retained.
26. The Supplier will be required to provide the facility for Customers to manage their account online. The online account management must include (but not be limited to) the functionality for Customers to view/submit meter readings and view invoices/credit notes, view consumption and spend data.
27. The Supplier will be required to have the following levels of insurance cover in place for 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.

D.4 INVOICING AND PAYMENT

28. The Supplier will be required to offer Customers the option to have consolidated invoices or invoices by site.
29. The Supplier must ensure that accurate bills are received within 10 working days following the month of consumption.
30. The Supplier must ensure that a minimum of 90% of all supplies within the portfolio are billed to an accurate monthly meter reading.
31. 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.
32. The Supplier will be required to provide a 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.
33. The Supplier must provide a monthly invoice for each supply point (to Customers) which must include the following::

- a) Daily Charge: - a charge which includes Metering and Capacity charges, as published by the Transporter; and, in the case of “domestic” supplies with an AQ below 2,500 therms/annum, the Framework Fee (p/day)
- b) Delivered cost of gas—which includes; Commodity Charge, Transportation Charges, Supplier Management Charges, Supplier risk/balancing Charges and, in the case of supplies with an AQ of greater than 2,500 therms/annum, the Framework Fee.
- c) Climate Change levy; and
- d) VAT

D.5 FRAMEWORK MANAGEMENT

- 34. The Supplier will be required to attend regular meetings with the Framework Manager and the Energy Partner.
- 35. 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.
- 36. 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.
- 37. 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 Customers throughout the duration of the Framework Agreement.
- 38. The supplier must acknowledge or resolve queries received from Customers/Agent 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 Customers and the Energy Partner and provide the reasons for not resolving the query in the original timeframe.
- 39. The Supplier must ensure that all supplies are transferred to them from the incumbent supplier on the 1st April 2019. 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.

40. 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.
41. In the event of an erroneous transfer the Supplier will be liable for any additional costs incurred by the customer.
42. The Supplier must provide the facility for the Energy Partner to regularly obtain:
 - a) Live market pricing updates
 - b) Settlement price updates
43. The Supplier must provide an appropriate facility for the Energy Partner to:
 - a) Accept and action trading requests
 - b) Monitor and track buy/sell orders and pricing alarms
44. 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 the anniversary of the Framework Agreement, and within 30 days of termination/expiry of the Contract(s) and Framework Agreement.
45. The management information shall state the amount and value of each Call-Off Contract by each individual Customer, and shall be presented in a format agreed during contract implementation. The Energy Partner will co-ordinate the management information for the Customers. The Supplier shall provide management information to the Energy Partner for distribution to the Customers at the frequencies and in the format the Energy Partner and the Customers require. By exception, the Supplier may be required to provide Management Information directly to the Customers.
46. The management information should be provided electronically, presented in Microsoft Excel.

D.7 ADDITIONAL REQUIREMENTS

47. 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 at a cost benefit.

D.8 FRAMEWORK TERM

48. The Framework Agreement shall commence upon contract award and expire on 31 March 2023.
49. Gas will be purchased from the Supplier by the Energy Partner from Contract Award. The Supplier will be required to supply gas to the Customers from 1 April 2019 until 31 March 2023.
50. Call-Off Contracts under this Framework Agreement will terminate no later than 31 March 2023.