**Hydrogen Supply Phase 2 – Q&A on Guidance Notes**

**11th September 2019**

**Please note a new version of the ITT has been published, with the following changes:**

* **Section 3, page 11:** Tender Validity changed from “Phase 2 proposals shall be valid for a minimum of 60 calendar days from the submission deadline” to “Phase 2 proposals shall be valid for a minimum of 8 weeks from the date of signing of Declaration 2: Form of Tender, in Annex 5”. Change made to correct a discrepancy between Section 3 and Annex 5.
* **Section 8, page 32**: Financial information, changed from “Applicants are requested to provide a **fixed** price quotation for the work” to “Applicants are requested to provide a **capped** price quotation for the work”
* **Annex 5, Declaration 5, page 73**: Code of practice, missing signature box added.

**Q&A**

1. The guidance document contains the following information on page 10: “Consortium Bids: Bids from consortia are welcome. Only one submission should be submitted for each separate project bid but all consortium partners are required to sign the completed application form for their project(s) (see Annex 5 Declaration 2 of the application form).” The version provided in Annex 5 does not contain table D2 for partners to sign, as was in the equivalent declaration in Phase 1. Please confirm whether signatures are required and where.

***Answer:*** *Table D2 is not required. The lead partner should sign on behalf of the other partners. It is the lead partner’s responsibility to communicate the rights and responsibilities under the contract to other partners.*

1. With respect to the final paragraph on page 10 of the Guidance Notes, are applicants required to submit a signed Phase 1 or the draft Phase 2 consortium agreement with the application? Please clarify the requirement on collaboration agreement documentation in the Application Form.

***Answer:*** *A draft Phase 2 consortium agreement is needed before BEIS is able to sign a contract with successful applicants, as with Phase 1. It is important that this is turned around quickly to avoid delays in start of project.*

1. The Eligibility Criteria listed in the Guidance Notes do not wholly align to the those in the Application form, is this intentional?

***Answer:*** *The eligibility criteria are those identified in Section 4: Eligibility for Funding in the Guidance Note. Supplementary information is requested in the eligibility section of the application form, these will not be used to check eligibility.*

1. It is not clear where in the Application Form the applicant is asked to make the comparison to an exclusive development contract – in reference to Eligibility 9, Risk-benefit sharing, on page 15 of the Guidance Notes. Where should this be included?

***Answer:*** *This should be included in the response to question 4B.*

1. Guidance p18, section 5.1: Where in the Application Form do applicants show the VAT (in reference to section 5.1, page 18 of Guidance Notes)?

***Answer:*** *All project costs quoted should be exclusive of VAT. The maximum value of the contract is £7.5m exclusive of VAT.*

1. The guidance document indicates that applicants are to provide a fixed price (page 32, section 8). It was previously understood that it is a capped price and that payment is based upon work done at agreed rates up to that cap. Has the basis changed?

***Answer:*** *The basis has not changed; it is a capped price and payment is based upon work done at agreed rates up to the cap. The Guidance Notes have been updated to reflect this.*

1. The guidance document requires the completion of Annex 5, Declaration 7: Prompt Payment for applications over the value of £5m. Who is required to complete this declaration? In a project with a consortium and with an application over £5m, multiple partners may be using sub-contractors. Does each partner who has a supply chain have to complete the declaration?

***Answer:*** *The lead partner is required to complete the declaration on behalf of all the other partners.*

1. Q&A 5, in Annex 4 of the Guidance Notes, implies that the applicant must place all partner staff on a single sheet in the Finance Form. Is it acceptable to have separate sheets for clarity (as overhead calculations are different for each), as long as the applicant summates them to a single summary sheet – as was done in Phase 1?

***Answer:*** *Please use the format in the Finance Form, you may add additional sheets if you believe they will help with clarity of your financial information. It is important to clearly identify day rate and overhead for each member of the consortium working on this competition.*

1. Annex 2 of the application form: Counterfactual – it is noted that the application form no longer references the BEIS spreadsheet. Are bidders expected to develop their own LCOH model? If so, will BEIS ensure that the modelling basis is consistent between bids?

***Answer:*** *Yes. The boundary condition in Annex 2 of the application form set the basis for any LCOH model.*

1. Annex 2 of the application form: Counterfactual – are the pressures given in barg or bara

***Answer:*** *Barg.*

1. Annex 2 of the application form: Counterfactual – is the cost data for natural gas presented on an HHV (GCV) basis?

***Answer:*** *For the purpose of this application, please use LHV.*

1. Annex 2 of the application form: Counterfactual – Can BEIS confirm that the LCOH of hydrogen should be calculated on an HHV basis?

***Answer:*** *For the purpose of this application, please use LHV.*

1. Annex 2 of the application form: Counterfactual – It is noted that BEIS proposes a retail price of electricity. Could Annex 2 be updated to reference a 2035 wholesale price?

***Answer:*** *The counterfactual case should use the retail electricity cost given in Annex 2.*

1. The guidance notes state that the tender shall be valid for a minimum of 60 calendar days from 23rd September (page 11). In Declaration 2, the applicant signs for it being valid for 8 weeks from the date of signature. Please clarify tender validity.

***Answer:*** *Tenders shall be valid for 8 weeks from the date of signature of Declaration 2. The Guidance Notes have been updated to reflect this.*

1. The sign-off section if missing from Declaration 5 as published in the Guidance Notes.

***Answer:*** *Sign-off section has been added to Declaration 5 in the updated published Guidance Notes.*