



Government
Procurement
Service

PROTECT: CONTRACTS

**The Provision of Consultancy for Offtaker of Last Resort
Design, Energy Market Advice for DECC**

To

The Department for Energy and Climate Change

From

Baringa Partners LLP

Ref number 615 RM 2359

CONTRACT FOR THE PROVISION OF CONSULTANCY FOR OFFTAKER OF LAST RESORT DESIGN, ENERGY MARKET ADVICE FOR DECC FROM BARINGA PARTNERS LLP TO THE DEPARTMENT FOR ENERGY AND CLIMATE CHANGE

This Contract is made this 12th September 2013 between:

- (1) The Secretary of State acting on behalf of The Department for Energy and Climate Change, 'Redacted Text' SW1A 2AW ("Authority") and
- (2) Baringa Partners LLP whose registered office is at 'Redacted Text' (Reg Redacted Text) ("Contractor").

This Contract shall commence on 12th September 2013 and conclude by 31st December 2013.

WHEREAS:

The Authority requires the Contractor to undertake to deliver the services as per your proposal dated 09th September specified in Schedule One (the "Specification"), and the Contractor is able and willing to provide such services on the terms and conditions set out below.

Signed on behalf of Baringa Partners LLP

Signature.....
 Title.....
 Date.....

Signature.....
 Title.....
 Date.....

Signed on behalf of the Department for Energy and Climate Change

Signature.....
 Title.....
 Date.....

Terms and Conditions

General Conditions

This Contract will operate subject to the Department for Energy and Climate Change 'Standard Terms and Conditions of Contract for Services' (DECC DPF31). If there is conflict between these terms and conditions and other terms and conditions in this document, this document will take precedence except in respect of the Special Conditions below.

Special Conditions

Special Terms & Additional Information

Sustainable Procurement

You are required to comply with all the applicable environmental laws and regulations in force in relation to the services/goods required.

All written outputs, including reports, produced in connection with the tender should, where possible, be produced on recycled paper containing at least 80% post consumer waste and used on both sides where appropriate.

Non Disclosure

You are required to undertake to be bound by the confidentiality provisions contained in the DECC Standard Terms and Conditions of Contract for Services (DECC DPF31) in respect of the company and of those employees deployed on this engagement

Termination for Convenience

The Authority may at its absolute discretion and at any time and for any reason terminate the contracted services and work at the Authority's convenience by giving the Contractor five (5) business days notice in writing of its intention to do so. Upon receipt of such notice, the Contractor shall, unless the notice directs otherwise, immediately discontinue the work and placing of orders for materials, facilities and supplies in connection with the performance of this Contract.

Upon such termination, the Contractor shall be entitled to payment only for the actual cost of the work to Authority completed in conformity with this Contract plus such other costs actually incurred by Contractor as are permitted under the terms of this Contract and approved by the Authority. There shall be deducted from such sums as provided the amount of any pre-payments made to the Contractor prior to the date of the termination of this contract. The Contractor shall not be entitled to any claim or claim of lien against the Authority for any additional compensation or damages in the event of such termination and payment.

Security Clearance

All of Contractor's personnel should be cleared to the Cabinet Office Baseline Personnel Security Standard (BPSS) as a minimum and must be available to begin work with immediate effect following contract award.

Conflict of Interest

You are to declare any competing interests that any part of your organisation may have. This may be considered in our determination of our final decision. A competing interest is something which exists when professional judgement concerning a primary interest (such as the robustness of work undertaken) may be influenced by a secondary interest (such as financial gain or personal rivalry).

As part of its role to provide services to the Authority (or its agencies), the Contractor acknowledges that it (and its employees, agents and subcontractors) may acquire substantial information concerning the

Authority's procurement projects and programmes of the Authority which could provide the Contractor with an advantage and render unfair an otherwise genuine and open competitive procurement exercise for other goods and/or services ("Information").

In the event of a competitive procurement for goods and/or services, subject to its compliance with the terms of this Contract, the Contractor shall (subject also to any requirements set out in the relevant Authority's tender documents being satisfied) not be discounted from participating in any procurement exercise merely by virtue of its provision of other services to the Authority or its agencies PROVIDED THAT:

- the Contractor can demonstrate that it has fully and properly complied with its obligations as set out in this Contract; and
- the Contractor can demonstrate that it has maintained "ethical walls" as referred to in paragraph below.

In the event that the Contractor wishes to submit a tender or participate in any tender for the provision of goods and/or services relating to any other procurement project or programme of the Authority, it shall demonstrate to the Authority and otherwise ensure at all times that:

- such tender is not made with the benefit of the Information;
- those persons who receive the Information directly or indirectly pursuant to this Contract (the "BAU Team") are not involved (and have not been involved) in the tender process in any way and do not directly or indirectly provide the Information to persons involved in the tender (the "Bid Team");
- any Information is not available to the Bid Team (or other employees of the Contractor who are not acting on behalf of the Authority) on the Contractor's computer networks and that the Bid Team and the BAU Team are, so far as practicable, located in different offices of the Contractor and procedures are implemented including (but not limited to): (a) a clean desk policy; (b) lockable private storage areas for paper documents otherwise available to both teams; (c) secure storage and secure access to electronic documents, electronic files and e mails otherwise available to both teams; and
- the Bid Team and the BAU Team have separate reporting and management lines;
- the Contractor has entered into a Non-Disclosure Agreement.

In the event that the Contractor becomes aware that the Bid Team has received any Information which is not provided by the Authority pursuant to the procurement process and is not otherwise in the public domain, the Contractor shall forthwith inform the Authority of this fact and carry out an urgent review the purpose of which will be to identify the reasons for the disclosure, the extent of the disclosure and to ensure that such information is not again disclosed. Thereafter it shall as soon as practicable share with the Authority the results of such review and, in the event that the Authority believes that the continued participation of the Contractor is not otherwise prejudiced, implement any proposals arising from such review or any reasonable recommendations of the Authority.

Control of Defence / Settlement

An amendment to Clause 18 shall be deemed added as follows:

The Contractor shall at its own expense conduct all negotiations and any litigation arising in connection with any claim for breach of Intellectual Property Rights in materials supplied or licensed by the Contractor, provided always that the Contractor:

- shall consult the Authority on all substantive issues which arise during the conduct of such litigation and negotiations;*
- shall take due and proper account of the interests of the Authority; and*
- shall not settle or compromise any claim without the Authority's prior written consent (not to be unreasonably withheld or delayed).*

Methodology

An additional Clause 27(9) shall be deemed added as follows:

The Contractor will be free to use without restriction except in relation to confidentiality its general knowledge, skills and experience, and any ideas, concepts, know-how, methodologies and techniques that are acquired or used in the course of providing the Services.

SCHEDULE ONE

The Department for Energy and Climate Change requires Baringa Partners LLP whose registered office is at 'Redacted Text' ("the Contractor") to deliver services in accordance with the invitation to tender issued on 27th August 2013 (see 'ANNEX A'), the Clarification document issued on 02nd September 2013 (Annex B) and Contractor's tender response dated 09th September 2013 (see 'ANNEX C').

ANNEX A

1. Introduction

The Department of Energy and Climate Change (DECC) was created in October 2008, to bring together:

- energy policy (previously with BERR, which is now BIS - the Department for Business, Innovation and Skills), and
- climate change mitigation policy (previously with Defra - the Department for Environment, Food and Rural Affairs).

Climate change is not only a threat to the global environment, it is also perhaps the greatest economic challenge facing us in the twenty-first century. It demands an urgent and radical response across the developed and developing world.

At the same time, the UK needs to secure clean, safe, affordable energy to heat and power our homes and businesses. Creating a low carbon and resource efficient world means making major structural changes to the way we work and live, including how we source, manage and use our energy.

DECC exists to take the lead in tackling these challenges.

Our Department reflects the fact that climate change and energy policies are inextricably linked – two thirds of our emissions come from the energy we use. Decisions in one field cannot be made without considering the impacts in the other.

From 2012 and 2013, DECC's priorities are:

- supporting investment in the UK's energy infrastructure – including through the Energy Bill, which will set in place the framework to bring forward the £110 billion needed in our electricity infrastructure over the next decade
- supporting consumers and keeping energy bills down, including through implementation of the Green Deal
- promoting action in the EU and internationally to maintain energy security and mitigate dangerous climate change as we chart the way towards a global deal on climate change in 2015

To find out more about our work [visit our "What we do" pages](#).

2. Aims

The Department wishes to commission advice from energy market specialists to support the detailed development of an 'offtaker of last resort' mechanism that would provide eligible electricity generators with a guaranteed route to market at a discount to the market price. This mechanism is intended to provide independent renewable generators with greater flexibility in choice of route to market under the contract for difference (CfD) support mechanism for low carbon electricity generators to be introduced in 2014.

3. Objectives

We expect to draw on teams with experience in each of the following areas:

- Energy Market evaluation
- Contractual arrangements (including power purchase agreements) in the energy market, including legal issues with energy contracts
- Understanding of imbalance risk, particularly with respect to intermittent renewable generators, and approaches to its management
- Economic advice
- Understanding financial approaches to risk management and investment decisions

We expect advisers to work closely with DECC officials to support design of each of the key aspects of the offtaker of last resort mechanism. The advisers will be expected to provide ongoing qualitative and, where relevant, quantitative analysis of the pros, cons, and risks associated with different design choices for each key feature of the offtaker of last resort mechanism throughout the course of the contract. They will also be required to produce a final report incorporating analysis of each design issue and an overall assessment of the costs, benefits and risks of the final design of the mechanism.

Analysis should be evidence-based and evidence must be clearly sourced. The methodology for any quantitative analysis should be set out clearly and any financial data clearly labelled as nominal or real (with appropriate base-year).

4. Background to the Requirement

DECC is delivering a major programme of Electricity Market Reform (EMR). The components of the programme include a Contract for Difference support mechanism¹ (the CfD). In response to concerns raised by stakeholders (principally independent wind developers) the department issued a call for evidence² in July 2012 to assess the current state of the Power Purchase Agreement (PPA) market and its likely development under EMR, and subsequently commissioned external advice on this topic³.

The call for evidence and external advice we commissioned confirmed that it has become harder to agree long-term PPAs on bankable terms in recent years, and that while the introduction of CfDs may remove some barriers to offering long-term PPAs, some issues are likely to endure. In particular, lenders to renewable projects are likely to continue to require developers to hold long-term PPAs with credit-worthy counterparties for the tenor of the debt, limiting the potential for competition and new entrants to the PPA market and increasing the risk that PPA discounts are uncompetitively priced.

The Department believes that measures that allow lenders to accept a wider range of PPA counter-parties and shorter term PPAs could lead to greater competition in the PPA market and lower cost to consumers. It commissioned external advice to produce an outline of an 'offtaker of last resort' (OLR) mechanism that could potentially achieve this result, by giving generators a right to a 'backstop PPA' with a credit-worthy counterparty at a specified discount to the market price and socialising the costs / benefits to the counterparty across the supply market. For more details, see the outline of the mechanism at Annex A, and the 'Backstop PPA' paper prepared by Baringa LLP for DECC³.

The Department now wishes to commission advice to support the detailed development of the OLR mechanism, including analysis of each of the key design features and assessment of the overall risks, benefits and impacts of the mechanism.

Note that the Department is separately commissioning financial and accounting advice on particular aspects of the OLR mechanism, including the level of support, risk appetite amongst providers of debt and equity, the impact on suppliers' credit ratings, and credit / collateral requirements on offtakers. The successful bidder would be expected to work closely with whoever is appointed to carry out that work.

5. Scope

See 6. Requirement

¹ <https://www.gov.uk/government/policies/maintaining-uk-energy-security--2/supporting-pages/electricity-market-reform>

² <https://www.gov.uk/government/consultations/barriers-to-long-term-contracts-for-independent-renewable-generation-investment>

³ <https://www.gov.uk/government/policy-advisory-groups/electricity-market-reform-emr-cfd-market-readiness-working-groups#route-to-market-analytical-work>

6. Requirement

The Department wishes to commission advice in order to support the detailed design of the offtaker of last resort (OLR) mechanism to provide eligible CfD-holding generators with a guaranteed 'route to market' for their power at a discount to the market electricity price. See the 'Backstop PPA Strawman' on DECC's website for further details.⁴

The contractor will be expected to provide expert support to DECC and analysis of each of the key design features of the OLR mechanism, and to provide an assessment of the overall risks, benefits and impacts of the mechanism. A non-exhaustive list of topics where analysis or advice is required is set out in Table 1 below.

The contractor will be expected to work closely with the Department and other external advisers in developing its analysis of each of the topics below, including organising and attending meetings with stakeholders and attending meetings at DECC offices to discuss progress and present findings. The final output of the work should be a final report providing a detailed assessment of the issues identified below, including quantitative and qualitative analysis.

Given the iterative, interactive nature of the work, the Department is seeking to appoint a contractor on a day rate basis to provide support to the Department, rather than as a fixed price contract.

Table 1: **Non-exhaustive list of topics where analysis is required**

Topic	Policy decisions (to be taken by DECC)	Analysis required
Eligibility	Which technologies and sizes of generator should be eligible for the OLR mechanism?	<ul style="list-style-type: none"> a) Analysis of route to market issues faced by different renewable technologies and generator sizes at present and in future (in the absence of an OLR mechanism). b) Appropriateness of the OLR mechanism for such technologies. c) Risks and practicality of offering OLR support to different types or sizes of generator.
Backstop PPAs	What should be the terms and level of support under backstop PPAs?	<ul style="list-style-type: none"> a) Expected risk allocation under PPAs in the open market under EMR and how this may change over time (in the absence of an OLR mechanism); b) Consideration of pros and cons of different approaches to changes in law or regulation in Backstop PPAs. c) Methodologies for setting the appropriate level of support under Backstop PPAs.
Timing of access to Backstop PPAs	When should Backstop PPAs be available from (e.g. a certain number of years after the start of a generator's CfD, or from day 1)?	<ul style="list-style-type: none"> a) The liquidity of the PPA market for different PPA lengths under EMR (in the absence of an OLR mechanism). b) The foreseeability of route to market risks (e.g. imbalance costs, offtaker insolvency) over different time periods. c) The impact on route to market choices of a delay in generator's eligibility for backstop PPAs.

⁴ <https://www.gov.uk/government/policy-advisory-groups/electricity-market-reform-emr-cfd-market-readiness-working-groups#route-to-market-analytical-work>

Longevity of the scheme	Is there scope to phase out the OLR mechanism for new generators after the market has developed further?	<ul style="list-style-type: none"> a) Likely development of the PPA market and risk appetites of lenders under the OLR. b) Practicality of closing the mechanism after a certain period of time. c) Factors that should determine whether and when to close the scheme.
Access to the backstop	Under what circumstances should generators be able to access backstop PPAs? (e.g. on request, or subject to demonstrating certain criteria?)	<ul style="list-style-type: none"> a) Impact on investor confidence of different requirements. b) Risks associated with unrestricted access to the backstop.
Identity of backstop offtakers	Which suppliers should be <i>obliged</i> to provide backstop PPAs and which suppliers should be eligible to <i>opt</i> to provide them?	<ul style="list-style-type: none"> a) Appropriate metrics to assess supplier size. b) Ability of different suppliers to deal with PPAs with generators of different sizes. c) Enduring creditworthiness of suppliers of different sizes. d) Measures to ensure bankability of smaller suppliers wishing to act as voluntary backstop offtakers.
Allocation mechanism	How should generators be allocated to offtakers? (E.g. generator choice, administrative allocation, competitive allocation.)	<ul style="list-style-type: none"> a) Practicality of different approaches, including speed / simplicity of the process, and costs to generators, Ofgem, and offtakers. b) Impact on bankability of different mechanisms for generators. c) Impact on offtakers, including on the balance sheets / credit ratings of mandatory offtakers. d) Consequences for the generator–offtaker relationship, e.g. around the nature of the PPA entered into. e) Impact on cost to consumers and levelisation of different mechanisms, e.g. potential for ‘rents’ to offtakers and gaming. f) Options for dealing with large projects – e.g. splitting PPAs into smaller chunks.
Levelisation mechanism	How should costs / benefits be levelised amongst suppliers?	<ul style="list-style-type: none"> a) Practicality and impact of different approaches to levelisation, including formula for assessing costs, coverage (i.e. which suppliers), and benefits and levelisation frequency. b) Robustness of different mechanisms to late payment or non-payment. c) Impact of levelisation on suppliers’ balance sheets / credit ratings / working capital (small suppliers in particular).

Compliance	<p>What oversight should there be of generators' and suppliers' behaviour under backstop PPAs and the OLR mechanism, and what should be the consequences of breaches of obligations? (E.g. penalties outside of the backstop PPA for breach of contract – such as removal of generator's eligibility for the PPA, or enforcement of suppliers' obligations by Ofgem using licence enforcement powers?)</p>	<p>a) Risks and benefits of different compliance options on generators, offtakers, Ofgem and the mechanism as a whole.</p>
Impact and risks	<p>What is the overall impact (costs and benefits) of the OLR mechanism and the key risks? (Quantified where possible)</p>	<p>a) Impact on route to market choice for generators and competition in the generation market in the short and medium-term.</p> <p>b) Impact on competition in the PPA market in the short and medium-term (e.g. availability and terms of long- and short-term PPAs, and new entrants/competition or threat of new entry/contestability).</p> <p>c) Impact on project gearing, returns, and cost of capital.</p> <p>d) Costs of the mechanism (compared with doing nothing), relating to the <i>existence</i> of the mechanism (e.g. Ofgem and suppliers' administrative costs, supplier costs of capital) and the <i>operation</i> of backstop (e.g. administrative costs of allocation, levelisation, auction participation).</p> <p>e) Impact on system risks, including of stress events (e.g. high imbalance costs, weak suppliers).</p> <p>f) Impact on suppliers' balance sheets, credit ratings, and working capital (including small suppliers)</p> <p>g) Risk of gaming or collaboration amongst suppliers in the PPA market.</p> <p>h) Impact on generator incentives (e.g. design, operation, financing, imbalance management).</p> <p>i) Risk of 'moral hazard' by giving protection to poorly performing projects and from allowing entry of less credit-worthy offtakers.</p> <p>j) Impact on barriers to entry / competition / growth in supplier market.</p>

7. Timetable

The contractor will be expected to assist with the preparation of papers for a series of monthly or twice-monthly meetings of an OLR advisory group taking place between September and the end of the year.

A final report would need to be completed to support a policy consultation expected to be published before the end of 2014.

However, this timetable is subject to uncertainty, so the contractor should be available to provide additional support into 2015 if necessary.

Annex A: Outline of the offtaker of last resort mechanism⁵

1. Under the 'offtaker of last resort' mechanism, licensed suppliers (each, a "**Backstop Offtaker**") would be obliged through their licences to offer to enter into a power purchase agreement (a "**Backstop PPA**") on specified terms with any eligible generator under certain circumstances (for example, when directed to do so by Ofgem). Suppliers above a certain size (e.g. in terms of market share) will be required to offer this service ("**Mandatory Backstop Offtakers**"), while smaller suppliers may be able to opt to provide the service ("**Voluntary Backstop Offtakers**").
2. A supplier offering backstop PPAs will have to have a minimum credit rating or to the extent that it does not, will be required to provide a parent company guarantee (PCG) or letter of credit in support of its obligations under the Backstop PPA from an institution that does.
3. The Backstop PPA would provide a guaranteed route-to-market for each eligible generator at a price set at a fixed discount (the "**Fixed Discount**") to the market reference price in the relevant generator's CfD. The Backstop PPA would either match the remaining tenor of the generator's CfD, or it would be for a fixed period of time (e.g. one year) and the generator would have a continuing right to access Backstop PPAs for the remaining tenor of its CfD (i.e. it could request a new Backstop PPA to begin on expiry of the existing Backstop PPA).
4. This Fixed Discount would be set at a level significantly below the discounts expected to materialise in the market over the course of the generator's CfD. The Backstop PPA would effectively cap the risk that a generator would be exposed to if it has to recontract for PPAs after the start of its CfD (for example, following expiry of an initial short-term PPA, or in the event of a PPA provider defaulting). This would provide a *minimum* level of revenue for the generator (expected revenues would be significantly higher through the normal PPA market), which could be used to give comfort to lenders if generators choose to contract PPAs on a shorter term basis or with less credit-worthy counterparties.
5. As such, this option will be designed to be unattractive for generators and should therefore only be triggered by the project as a last resort where it cannot secure a PPA or alternative route to market that leaves the project in a better position than under the backstop arrangements.
6. Ofgem would oversee a process for allocating generators to Backstop Offtakers. There are a number of options for this process, including:
 - a. a competitive tendering process – for example, asking suppliers to bid the fee (in terms of £/MWh) they would require to take on a Backstop PPA with a particular generator. (The fee could be negative if the supplier was willing to pay to take on the function.) For example, if the Fixed Discount in the Backstop PPA was £20/MWh beneath the day ahead price and a supplier believed it could provide the service (including the margin required by the supplier) at a cost of £22/MWh beneath the day ahead price, the supplier could tender a bid of £2/MWh. Mandatory Backstop Offtakers may be required through their licence obligations to bid in any tender offered by Ofgem;
 - b. an administrative allocation mechanism, whereby Ofgem allocates generators to Backstop Offtakers, having regard to certain principles and factors that may be set out in regulations (e.g. with the objective to minimise cost to consumers, having regard to the nature of the generator, the supplier's portfolio, the supplier's existing exposure to and activity in the PPA market, the suppliers' credit rating, the number of Backstop PPAs already held by the supplier, etc.);
 - c. a 'generator choice' mechanism, whereby generators choose an offtaker from the list of eligible Backstop Offtakers, and the offtaker is obliged to enter into the Backstop PPA. There may be constraints on which offtaker particular generators can choose, for example in terms of the installed capacity of the generator in proportion to the volume of electricity supplied by the Backstop Offtaker. Ofgem may have a role in overseeing this process and determining whether

⁵ See the 'Backstop PPA strawman' on <https://www.gov.uk/government/policy-advisory-groups/electricity-market-reform-emr-cfd-market-readiness-working-groups#route-to-market-analytical-work> for further details.

any offtaker should be temporarily removed from the list of eligible Backstop Offtakers, for example if they have received a disproportionate number of requests to enter into Backstop PPAs.

7. Ofgem would carry out a “levelisation process” in which the aggregate profit or loss accruing across all Backstop Offtakers who are party to Backstop PPAs (or, in the case of competitive allocation, the costs / benefits arising from the winning bids) is spread equally across all licensed suppliers. Levelisation would therefore in effect socialise any profit or loss accruing to or incurred by Backstop Offtakers. The details of the levelisation process depend in part on the allocation mechanism.

ANNEX B

Questions/Answers

Q1. In respect of Section 7 of Appendix C which states "A final report would need to be completed to support a policy consultation expected to be published before the end of 2014.

However, this timetable is subject to uncertainty, so the contractor should be available to provide additional support into 2015 if necessary", could you clarify that you indeed mean 2014 rather than 2013 and 2015 rather than 2014?

A1. This is an error in the specification document, which should read 2013 instead of 2014, and 2014 instead of 2015. The correct text is as follows:

"A final report would need to be completed to support a policy consultation expected to be published before the end of **2013**.

However, this timetable is subject to uncertainty, so the contractor should be available to provide additional support into **2014** if necessary."

Q2. We have received your RfP for the abovementioned procurement procedure at DECC. After having reviewed the specifications we would like to ask you to clarify how many consultants you might appoint for this contract.

A2. We anticipate appointing one consultant to complete all the work outlined in the specification, but are happy to consider bids where the consultant proposes sub-contracting elements of the work.

We will be separately appointing consultants to provide financial and accounting advice on specific aspects of the offtaker of last resort mechanism – namely, the level of support to be provided under 'backstop PPAs' through the mechanism, analysis of the risk appetite amongst providers of debt and equity to renewable electricity developers, the impact of the mechanism on suppliers' credit ratings, and credit / collateral requirements that should be placed on offtakers under backstop PPAs. A call for expressions of interest was issued for this work⁶, but we have decided to appoint a consultant under an existing call-off contract with the Department rather than proceeding with a further tendering process.

⁶ Available at

<https://online.contractsfinder.businesslink.gov.uk/Common/View%20Notice.aspx?site=1000&lang=en¬iceid=1069708&fs=true>.

Q3. Please can you confirm if the final report should include legal drafting for the PPA agreement?

A3. No, the final report does **not** need to include full legal drafting for the backstop PPA agreement. However, the final report should provide consideration of the appropriate high level terms that should be contained in the backstop PPA agreement (e.g. around risk allocation).

Q4. The Specification (Appendix C) indicates that further support may be required following the submission of the final report at the end of December 2013 up until 2015. Can you indicate what and how much support you anticipate the successful consultant providing during this time and if there are any known deliverables?

A4. There was an error in the specification, which should have stated that additional support should be available into **2014** if necessary, not 2015.

We anticipate the majority of the work would be completed in 2013, but it is possible that support could be required into 2014 if there is a delay for any reason. We would that the final report would also be delayed into 2014 in such case (i.e. there would not be a requirement for an additional final report).

Q5. Is Appendix A paragraph 12.2.1 relevant to this tender, we note no Non-Disclosure Agreement was included in the tender documents? If it is relevant, please provide a copy of the Non-Disclosure Agreement. Should we have any questions in relation to the Non-Disclosure Agreement please confirm these will be accepted after today's 2pm deadline for clarifications.

A5. Yes. This will be provided separately.

Q6. Is Appendix A paragraph 12.5.4 relevant to this tender?

A6. Yes.

Q7. Appendix A paragraph 12.5.4 requires the contractor to demonstrate that, inter alia, its response to this tender or any other tender relating to the procurement project or programme of the Authority has not been prepared with the benefit of the Information. The term "Information" does not appear to be defined in the ITT. Can the Authority provide an explanation for what it considers the term "Information" to comprise?

A7. This is intended to refer to commercially sensitive information protected by a Non-Disclosure Agreement (NDA) that is not publicly available. Therefore, Bids must not benefit from information protected by such an NDA.

Q8. We have previously provided advisory services to DECC in relation to other matters not covered by this tender. Please confirm that information relating to other matters will not be considered "Information" for the purposes of Appendix A paragraph 12.5.4 of the tender and as such that it will be appropriate for us to include team members who have previously advised DECC on such matters in both the bid and delivery teams. We believe there is significant value for DECC in the proposed delivery team preparing the bid as they are best placed to identify relevant credentials, describe their proposed approach and indeed to draft their own CVs.

A8. We can confirm that such information will not be considered "Information" for the purposes of Appendix A paragraph 12.5.4. It is therefore acceptable for team members who have previously advised DECC to be involved in preparing the bid.

Q9. Similarly, please confirm that if we are appointed under this tender, any information obtained through the provision of advisory services to DECC under this contract will not constitute "Information" for the purposes of Appendix A paragraph 12.5.4 for future tenders in relation to matters not covered by this tender and, therefore, that the proposed delivery team will not be excluded from bidding for future opportunities to work with DECC.

A9. We can confirm that the proposed delivery team would not be excluded from bidding for future opportunities to work with the Department.

Q10. We have reviewed your standard terms and conditions and do not believe they have been drafted with complex economic and financial modelling in mind, nor do they represent the market standard for professional services of this nature. Please confirm that our agreement to terms and conditions which have been previously agreed by DECC for similar work will be accepted as acceptance, "without caveats or limitations, that the Department for Energy and Climate Change Terms and Conditions of Contract for Services will govern the provision of this contract" for the purposes of Appendix B (response guidance) Section 3.1 (mandatory requirements).

A10. The Department does not normally change the standard terms and conditions for contracts. However, if you feel that the terms and conditions are not appropriate for the service you wish to provide, please provide details and we will consider the request.

Q11. Appendix A paragraph 1.7 states that the duration of this contract will be from 16 September to 31 December 2013 subject to additional support if required. Appendix C Section 7 states that a final report would need to be completed to support a policy consultation expected to be published before the end of 2014. Can the Authority confirm or otherwise that these dates are correct and that therefore the contractor should assume that it will be required to provide a final report by 31 December 2013 which will support a policy consultation to be published by the end of 2014?

A11. There was an error in the specification, and should have referenced a policy consultation “expected to be published before the end of **2013**”, not 2014 as stated (see answer to Q1).

ANNEX C

'Redacted Text'