

ID 4141813

DoF – COLLABORATIVE ARRANGEMENT

**PROVISION OF ENERGY MARKET RISK
MANAGEMENT ADVISORY SERVICES**

SPECIFICATION OF REQUIREMENTS

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1 INTRODUCTION

1.1 Glossary

Terms used in this document have the following meanings:

Term	Meaning
ALB	Arm's length body – a public body which reports into a central government department
Award Date	The date on which this Contract is awarded
BSO PaLS	Business Services Organisation Procurement and Logistics Service, responsible for procurement on behalf of Health and Social Care Trusts
Client	A participating body from Table 1 plus CPD, BSO PaLS and DfE (or their appointed agent)
CoPE	Centre of Procurement Expertise
CPD	Construction and Procurement Delivery responsible for procurement and property management on behalf of the NICS and associated bodies
DfE	Department for Economy, responsible for the Energy Strategy and Energy Management Strategy
DoF	Department of Finance
DfI	Department for Infrastructure
Follower organisation	An organisation whose energy consumption is subsumed within the risk strategy of a Client. A follower organisation will have no direct contact with the Contractor.
Lead Client	A Client who aggregates consumption from several follower organisations within their risk strategy
MOD	Ministry of Defence
NDPB	Non departmental public body - a public body which reports into a central government department
NICS	NI Civil Service – central government departments
Risk strategy	A document between a risk strategy owner and the Contractor setting out how the risk strategy owner wants the Contractor to manage hedging and unhedging of energy prices.
Risk strategy owner	An employee within a Client responsible for overseeing the operation of a risk strategy and who will be the Contractor's primary contact within that Client organisation.
RMAS	Risk management advisory services
SIB	The Strategic Investment Board Limited who are appointed by DfE to support DfE in delivering the Energy Management Strategy

1.2 Overview

This contract is for the provision of Energy Market Risk Management Advisory Services for a term of 3 years with the option to extend by up to two years. The anticipated commencement date shall be 1st August 2023 and expire on 31st July

2026, unless extended by the optional extension.

The participating Clients are set out in Table 1. Numbers in brackets indicate the estimated number of risk strategies for each Client at Contract commencement. The number of risk strategies per Client may vary as replacement energy supply contracts are awarded.

Table 1: Participating Bodies

NICS plus ALBs & NDPBs	Health & Social Care Trusts
DoF (2)	Belfast HSCT (2)
PSNI (2)	Northern HSCT (2)
Education Authority (2)	South Eastern HSCT (2)
DfI (1)	Southern HSCT (2)
NI Water (2)	Western HSCT (2)
Translink (2)	NI Fire and Rescue Service (2)
MOD (1)	Business Services Organisation (2)
	NI Ambulance Service (2)

Note that multiple follower organisations follow DoF's, Belfast HSCT's and DfI's risk strategies. The date at which BSO, NIAS and NIFRS will follow BHSCT's risk strategies is yet to be agreed.

Clients may in future:

- (i) agree to become a lead Client;
- (ii) stop being a lead Client;
- (iii) become a follower organisation; or
- (iv) stop being a follower organisation.

2 BACKGROUND and CONTRACTUAL ARRANGEMENT

A range of government bodies have increasingly adopted a risk managed approach to setting metered electricity, unmetered electricity and natural gas prices since February 2020. These government bodies use a risk management advisory services (RMAS) contract to access energy market expertise and recommendations on when to hedge or unhedge electricity and natural gas prices.

The existing RMAS contract expires on 31st July 2023 and the services required from the energy market advisor have evolved over the course of the contract.

The RMAS incumbent energy advisor applies risk managed pricing to the contracts listed in table 2. This list is subject to change as energy supply contracts are retendered.

Table 2: Energy contracts supported by RMAS energy advisor

Awarding body	Energy type	Start date	End date	No of risk strategies¹
BSO PaLS	Metered electricity for all HSC Trusts	1-Apr-2021	31-Mar-2024	8
BSO PaLS	Natural gas for all HSC Trusts	1-Apr-2021	31-Mar-2024	8
CPD	Unmetered electricity	1-Apr-2021	31-Mar-2023	2
CPD	Natural gas	1-Apr-2021	31-Mar-2023	4
CPD	Metered electricity	1-Apr-2022	31-Mar-2025	4

¹ This is the current number of risk strategies, which is different from the estimated number of risk strategies set out in Table 1

A full list of bodies participating in these energy supply contracts is set out in Annex 3.

In addition to the RMAS contract, CPD has a separate contract in place for 'Energy Market Advisory Services' including advisory services to support tender exercises, implementation services, bill validation, ad-hoc advisory services and knowledge transfer services. Annex 1 details the scope of this contract while Annex 2 details the services each organisation is contracted to use under this contract. For clarity these organisations are contracted to use the CPD contract for the services listed for this period. Add note that this contract will remain separate

The Contract will be between the Contractor and the Contracting Authority (CPD). The participating bodies listed in Table 1 will be able to access the Services described in this Specification and the Contractor will provide the Services to these participating bodies. No further call-off contract or agreement will be required for any of the participating bodies to access the services.

3 SERVICE REQUIREMENTS

CPD and its participating bodies require risk management advisory services (RMAS) as set out in this section.

The participating bodies collectively form a large proportion of the industrial and commercial energy consumers within Northern Ireland. For illustration purposes only, the maximum number of electricity meter points is approximately 5,700, the number of gas meter points is approximately 2,235 and the number of unmetered electricity supply points is approximately 2,630. A breakdown by Client is provided in Annex 4.

Annex 4 also sets out

- consumption by Client based on the forecast at time of tender for April 2022-March 2023, figures are updated for actuals if available
- breakdown of metered electricity tariffs by Client, if available
- breakdown of natural gas tariffs by Client, if available
- breakdown of unmetered electricity tariffs by Client, if available

All figures in Annex 4 are indicative and solely provided for the purpose of providing tenderers with indication of the scale and diversity of Clients' risk strategies.

3.1 Services 1: Administration

Administration required during the life of the Contract may include, but not be limited to:

- Hold quarterly collective meetings with Clients grouped by sector (or other grouping to be agreed at contract award) to review performance of risk strategies, market drivers and outline likely hedging/unhedging strategy for next period and remainder of energy supply contracts terms. Current sectors are
 - CPD, PD, EA, Translink, NI Water, PSNI, DfI, MOD
 - BSO PaLS and Health & Social Care Trusts (including Trusts following BHSCT risk strategies)
- Frequency of collective risk strategy review meetings may need to increase to weekly during periods of extreme market volatility depending on the extent to which Clients have hedged future positions.
- Issue agendas 3 working days prior to collective meetings.
- Produce and issue minutes within 10 working days of collective meetings.
- As required by the terms and conditions, store and retain trade files, position reports, agendas, minutes, risk strategies, recommendations to risk strategy owners and risk strategy owners' approvals/instructions in a restricted file repository and make these records available to Clients and Clients' auditors.
- Every quarter, in advance of the relevant collective meetings, collect and collate feedback from Clients regarding the Contractor's performance using the contract monitoring schedule
 - The Contractor is to issue a request for feedback with one follow up email to chase response. If a Client has not responded after the second email, the Contractor is not obliged to issue further follow up emails.
- Share anonymised quarterly monthly feedback with all Clients, CPD's Contract Manager and BSO PaLS' Procurement Manager 3 days prior to the relevant collective meetings or as soon as possible thereafter.
- Undertake bill validation on 5% of each Client's electricity bills and 5% of each Client's natural gas bills at a meter level quarterly and report on any errors to the Client. The sample is to be selected randomly each quarter agreed annually in advance with each Client and no meter shall be sampled twice during a financial year. Each Client reserves the right to choose alternative meters from those suggested by the Contract if required. Where multiple organisations follow a Client's risk strategy, the 5% should be proportionate to each organisation's number of meters and always include meters from the lead Client.
- Work with the Client and energy suppliers to resolve any billing issues.

- Provide assistance with the transition of energy supply contracts if required.
- Identify potential market changes that may impact costs (for example: regulatory, new market entrants, pass through charges, MIC, wholesale markets and prices) and analyse impact of such changes for each Client.
 - Provide recommendations to Clients on how to mitigate and manage impacts arising from such market changes.
- Annually analyse consumption, tariff and capacity charges for each meter point to identify opportunities for Clients to save money by moving to a different tariff or by altering meter capacity.
- As required, the Contractor will provide advice to a Client on how a Client's proposal for a renewable energy scheme (including introduction energy storage), increase in electric vehicle charging or load capacity trading scheme may impact the services delivered via this Contract.
- The Contractor is required to manage and maintain any meter additions or removals of the supply contracts and advise the relevant energy supplier. The position report must also be updated to ensure a complete list of current meters.
 - Note that NICS and associated ALB and NDPB Clients complete a proforma (add link to website), send to CPD who then collate and forward to the Contractor. Health & Social Care Trust Clients use a similar proforma and will issue directly to the Contractor for metered electricity, whilst for natural gas HSC Trusts will follow the NICS / CPD process from 1st April 2023.
- Within 24 hours, the Contractor will acknowledge receipt of any Client queries and provide an expected timeframe for a full response if unable to immediately resolve the query.
- It is anticipated that meetings will be held virtually, but physical face to face meetings may be required.

3.2 Services 2: Risk Management

The purpose of this Contract is to provide risk management advice to Clients, including advice on when **not to follow** pre-agreed risk strategies.

The Contractor must be proactive in providing advice, recommendations and implementing agreed risk strategies as market conditions change.

The Clients have agreed risk strategies in place with the incumbent energy adviser. Currently risk strategies fall into one of three groups, although there is no guarantee that this grouping will continue:

- Clients content to hedge and unhedge (eleven Clients currently)
- Client who will not unhedge (one currently)
- Client who is tracking the market rather than hedge (one currently)

Where the Contractor has a pre-agreed risk strategy in place with a Client and is implementing the risk strategy (for example by hedging at pre-agreed trigger points), Clients delegate authority to trade to the Contractor providing that the Contractor issues to each Client a notification of what trade has been made with a market summary and rationale for the trade within 24 hours of the trade.

Where the Contractor recommends an action not set out in a pre-agreed risk strategy, the Contractor must seek and obtain Clients' approval and provide a rationale for the recommendation before taking the action. Clients acknowledge that market prices may have changed by the time they approve a recommendation and the Contractor's recommendations are to be based on a price range.

Risk management services required may include, but not be limited to, advice regarding;

- Meet Clients to agree risk strategies. Meetings may be required with multiple stakeholders in each Client organisation. Meetings may be required with individual Clients and collectively across groupings of Clients throughout the Contract period to agree and review risk strategies.
- Execute hedges/unhedges in accordance with pre-agreed trigger points in risk strategies and actively communicate date, time, nature of trade (hedge/unhedge), price and percentage of load hedged to Clients following any trade.
- In addition to pre-agreed triggers, the Contractor will proactively review the market and make recommendations to risk strategy owners to hedge and unhedge in order to achieve the overall risk strategy, each recommendation to be supported with rationale, summary of then current market drivers, pros and cons of hedging or unhedging, implications of the recommended transaction.
- Following a recommendation, hold follow-up meetings if requested by Clients, meetings may be with individual or groups of Clients.
- Execute instructions from risk strategy owners.
- Provide post hedge reports to each Client.
- Hold a collective meeting at least once per contract year or as requested with all Clients within a Client group to review and potentially amend the structure and mechanisms within the existing risk strategies to incorporate lessons learned or market changes.
- Quarterly, or more frequently if requested, meet individual Clients to review that risk strategies remain relevant for that Client and provide an update on performance.
- It is anticipated that meetings will be held virtually, but physical face to face meetings may be required.

The Clients are listed in Table 1: Participating Bodies, which also provides how many risk strategies each Client is anticipated to have. The number of risk strategies may change.

3.3 Services 3: Reporting

Reporting requirements for each Client (and their associated following organisations) will be discussed and agreed with the Contractor during Contract implementation and mobilisation.

Reporting requirements for any new risk strategies that are developed during the Contract Period will be agreed prior to commencement of the new risk strategy, for example following award of a new energy supply contract.

The Contractor will provide training for Clients regarding all reports the Contractor provides as required (including during the Contract Period e.g. to new staff at Clients) and a written guide for Clients on how to interpret reports.

The Contractor will liaise with each energy supplier to gather information required to deliver the required reports. For actual consumption data, see note in section 3.3.2.

During the Contract Period, the Contractor will provide the following minimum reporting.

3.3.1 Market update reports

- A short daily report setting out relevant market movements with a short commentary.
- Fuller market reports as required by each Client setting out relevant market movements with a more detailed analysis and commentary of factors driving the market movements.
- Fuller market reports should be provided at all collective meetings and to support trading recommendations.

3.3.2 Position reports

A position report sets out and summarises the current position of a risk strategy and the impact on a Client's budget forecast.

The Contractor will confirm with each Client the frequency of the position report when each risk strategy is agreed, position reports may be required as frequently as daily.

Position reports are to be provided by 10am on required working days.

Position reports must be provided in Excel format or be capable of being exported into Excel and not password protected and not with locked cells. Clients must be able to manipulate the Excel version of their position reports, in particular to create budget forecasts using actual consumption updated monthly.

Whilst the same template is likely to be used by all Clients as a starting point, the position report is to be agreed with each Client.

For lead Clients with follower organisations, the detailed data for each follower organisation is to be provided on a separate sheet/page/report/report section and key data included in the overall summary sheet for the lead Client. It is crucial that the Excel export version of the position report allows the lead Client to filter by organisation.

The Contractor will provide training and a written guide to Clients on how to interpret all aspects of the position report and how to relate the budget forecast page to energy supply bills.

The Contractor will update actual consumption data within the position report as follows. Whilst Clients have indicated their preference as shown below, Clients will confirm at the time of contract award which frequency of updating actual consumption data they require. Clients may change their selected frequency annually. The Contractor's pricing schedule contains prices for each approach.

- Group 1: actual consumption data updated quarterly (PSNI, DfI, Translink, NI Water, MOD, BHSCT, SEHSCT, WHSCT, SHSCT, NHSCT, NIFRS, BSO, NIAS)
- Group 2: actual consumption data updated every six months (PD, EA)

The Contractor will obtain actual consumption data for each Client either directly from the energy suppliers or via a data export from an Energy and Carbon Data Repository (ECDR) system to be developed on behalf of the Department for Economy. It is anticipated that ECDR will each quarter be updated with monthly consumption data from all energy suppliers including electricity and natural gas to all central Northern Irish central government departments and their ALBs and NDPBs. It is anticipated that ECDR will be available during FY 2023/24 and will be capable of exporting actual consumption data to the Contractor in one data export file or via an interface.

The Contractor will provide a position report for each Client and each risk strategy setting out for each month of an energy supply contract (NB in this section "page" may be a separate section within a report or worksheet in an Excel workbook):

- A cover page with:
 - organisation logos for Client and Contractor;
 - utility type;
 - date of position report.
- A page with a glossary and instructions on how to interpret the position report.
- A page summarising the relevant agreed risk strategy triggers including processes for managing stop loss and hedge-unhedge-rehedge process.
- A detail data page containing:

Pricing section (all prices in pence per therm unless otherwise stated)

- Energy tender baseline price (i.e. market prices at time when energy supply contract was awarded).
- Hedging triggers.
- Market prices for open months based on prior working day's closing price.
- ICE settlement price for each month.
- Hedged, unhedged and reheded prices for relevant months in p/therm and p/kWh (commodity element only) in date order with date of trade and volume percentage clearly noted.
- For each month, volume percentage hedged/open.
- Weighted price for each month in p/therm and p/kWh.

Consumption section

- The address of each meter.

- The organisation/body to which each meter applies with the ability to filter by organisation/body.
- Monthly forecast consumption (initial forecast at time of energy supply tender will be provided to Contractor by Clients). Forecast consumption to be that used by energy suppliers if different from that provided by Clients and be separately documented so that it is possible to reconcile the data provided by Clients and energy suppliers where energy suppliers apply a correction factor to the Clients' energy tender forecasts.
- Monthly actual consumption for each meter point and in total.
- The Contractor shall flag any meter where actual consumption varies from forecast consumption by more than 10%.
- Value of any hedge, unhedge and re hedge in pounds sterling based on forecast consumption or actual consumption as appropriate.
- Total variance in pounds sterling of current position compared to tender baseline for each month based on actual or forecast consumption as appropriate.
- A budget forecast page comprising:
 - Budget forecast based on current (daily) market and hedged prices and forecast or actual consumption as appropriate for each month and financial year of an energy supply contract.
 - Budget forecast at supply point level and budget each cost component of energy (commodity, transportation, distribution, etc.) separately which is then aggregated up to a site-level and an entity-level budget.
 - Actual prices resulting from hedges, unhedges or rehedges to be updated monthly.
 - The budget forecast is to show a total financial year forecast broken down into months and show the p/kWh price and cost in pounds sterling per supply point per month including regulatory charges and all other non-commodity charges, but excluding VAT, and be reconcilable to bills.
 - Where an organisation follows the risk strategy of a lead Client, it must be possible to filter budget reports and reforecasts by follower organisation.
- A summary page containing:
 - Energy supply contract name, contract start and end dates.
 - Energy supply tender baseline & triggers in p/th and kWh.
 - Total energy supply contract life current average weighted price in p/th and p/kWh (p/kWh price to include all regulatory charges, but exclude VAT).
 - By financial year, % hedged/open.
 - Total energy supply contract life benefit/disbenefit of the risk strategy vs energy tender baseline price in sterling broken down by financial year.

3.3.3 Analysis of benefits/disbenefits

The Contractor shall provide an analysis of the performance of each risk strategy.

- The Contractor must provide an analysis at least every six months of how each Client's risk strategies have performed compared to the market, with prices

applied to forecast or actual consumption as available to provide comparison costs for the risk strategies against the below comparators:

- vs tender baseline;
 - vs a month ahead product with prices fixed prior to new month starting;
 - vs the within day price averaged for the month;
 - vs the wholesale market;
 - vs the agreed stop loss.
- The report should allow the outturn of follower organisations to be split out from the lead Client i.e. the outturn for the lead Client must be reported separately and the report should also provide the outturn for all organisations following that risk strategy (inclusive of the lead Client).
- The report is also to be produced if requested in advance of retendering energy supply contracts.

3.3.4 Cost and consumption reports

- Cost and consumption reports (Monthly or annually as required by Clients and within the constraints of provision from energy suppliers).

3.3.5 Average pence per unit

- As requested, the Contractor will provide Clients with an average pence per unit for the Client's portfolio of supply points.
- This may be included in the daily position report.

3.3.6 Contract performance review

The Contractor will provide annual contract performance review reports as set out in section 7.

3.3.7 Reporting systems

If the Contractor meets the reporting requirements by providing Clients with access to a portal (reporting system), the Contractor must:

- Ensure that each Client representative can only access data from their own organisation.
- Provide training and training guides on how to use the portal.
- Ensure that DfE (or their appointed agent) and CPD can access data for all Clients and that BSO PaLS can access data for Health & Social Care Trusts.
- Ensure that data and all reports (apart from market update reports) can be exported into Excel format.
- Ensure that, where a Client acts as a lead Client for follower organisations, reports and data can be provided at the individual follower organisation level and at the aggregate level and that reports have the ability once data and reports are exported to Excel to be filtered by individual follower organisation.
- Ensure that Clients can receive reports via email rather than logging into a portal.

The Contractor should apply the "lightweight approach to cloud security" as set out [Lightweight approach to cloud security - NCSC.GOV.UK](#) (August 2022) and update its cloud security in line with changes introduced by the National Cyber Security

Centre. In particular, the Contractor should apply the following standards. Note that references to “cloud service” or “service” in the following standards refer to the portal.

1. Data encryption

Data should be protected as it transits over the internet between the Client and the cloud service. As at August 2022, the National Cyber Security Centre recommends TLS 1.2 or 1.3 and the Contractor should update its data encryption standard in line with changes to National Cyber Security Centre’s recommendation.

Data stored in the cloud service should be encrypted when on disk.

2. Authentication and access control

All internet-facing ways of accessing the service which can return protected information (including those to APIs) should require successful authentication.

Services that are accessed over the internet should implement a method of [2-factor authentication \(2FA\)](#) to the service. This is sometimes called 2-step verification (2SV) or multi factor authentication (MFA).

The service should implement levels of privilege and have authorisation mechanisms in place to enforce the separation of privileges between different types of account. A privileged user account is usually described as an administrator or owner, and can create new users, apply configuration to all users and sometimes access the data of other users.

3. Security logging and incident management

The cloud service should provide Clients with enough data to detect and respond to an incident that affects Clients’ data and have processes in place to mitigate security issues identified in the service itself.

The cloud service should generate all relevant security-critical logs, which helps Clients or the Contractor find out what went wrong if there is a breach. Logs may include authentication attempts, configuration changes, and details about resources being accessed.

The cloud service should make security-critical events available to Clients, which may allow export to Clients’ audit and monitoring services.

The cloud service should have a clearly defined policy for applying security updates to its internal systems and responding to identified security issues.

The cloud service should have a documented process that allows Clients and security researchers to report vulnerabilities in the service itself, allowing them to be fixed.

4. Governance

The cloud service should have a privacy policy that specifies whether the Contractor shares any of the Clients' data with third parties, and who those third parties are.

The Contractor should be able to tell Clients where Clients' data is processed, where it will be stored, and in what country the company (and any of its providers that handle Clients data) is legally based.

The Contractor should publish a clear description of the security features that they have implemented, and how best to configure them.

3.4 Services 4: Knowledge Transfer Services

In addition to the training required elsewhere in this Specification, knowledge transfer may be required by providing up to 2 days training per year to each sectoral Client group i.e. up to 4 days pa.

Knowledge transfer will be required in short sessions or half days.

Knowledge transfer is to be an agenda item on the collective quarterly review meetings and proposals put forward at each meeting for training sessions for the coming quarter.

Notes or slides and step by step guides as appropriate will be provided for all knowledge transfer sessions.

Knowledge transfer sessions may be provided virtually if so agreed by the Client(s).

It is anticipated that knowledge transfer sessions will be held virtually, but physical face to face sessions may be required.

The Contractor's price per risk strategy in their pricing schedule will include all preparation time and travel time.

Knowledge transfer may cover:

- Understanding of regulatory and policy changes in energy markets
- Understanding contract types in the energy market
- Understanding tariff types in the energy market
- Understanding how to undertake bill validation for each energy type
- Understanding how prices on bills in p/kWh are made up and how to validate those prices
- Understanding how to create and monitor organisational budgets based on forecast energy consumption and hedged and market prices
- Understanding the main drivers of wholesale and retail market movements

4 KEY PERSONNEL

During the Contract Period, the Contractor must provide a contract delivery team of named personnel who will be directly responsible for ensuring the required services are delivered in line with this Specification. The contract delivery team must comprise at least 3 individuals, each of whom will be deemed Key Personnel. The Contractor must provide names and contact details of the Key Personnel.

The Contractor must ensure that the work of each of the Key Personnel can be covered by other staff to ensure continuity during leaves of absence or particularly busy periods. These cover staff may be other members of the contract delivery team or staff drawn from the Contractor's wider workforce. These cover staff must be introduced to relevant Clients, be up to date with each Client's requirements and be competent to perform the role for which they are deputising.

Key Personnel must notify Clients in advance of taking leave and provide deputising arrangements.

The person accountable for the overall delivery of the Contract must be named as part of the team and must have 2 years' experience gained within the last 5 years' within the energy industry of managing customer accounts which in aggregate are of a similar size and scale as those outlined in the tender documents.

The person or persons responsible for agreeing risk strategies with Clients and providing recommendations on when to trade must be named as part of the contract delivery team and must have 2 years' experience gained within the last 5 years' within the energy industry of managing risk strategies and making trade recommendations.

Key Personnel filling other roles must have experience in providing the Services in this Specification which are allocated to them.

The Contractor must provide and keep updated an organogram (organisation chart) of how the contract delivery team relate to each other for the delivery of this contract.

5 IMPLEMENTATION AND MOBILISATION OF THE CONTRACT

Following the Award Date, the Contractor will be required to complete a number of actions in order to be fully resourced, mobilised and ready to provide the Service. This may require handover arrangements with the incumbent service provider should the Contract be awarded to a new contractor. The Contractor provides a detailed

implementation plan within 5 working days of the Award Date setting out key actions and roles and responsibilities of all Parties.

Meetings required during the implementation and mobilisation phase may be held virtually.

The Contractor must work with the incumbent supplier to obtain all current risk strategies and hedged activities and ensure a smooth transition of services so that risk recommendations can be made seamlessly to the Clients.

One month prior to Contract commencement or as otherwise agreed, the incumbent supplier will provide the Contractor with:

- Copies of existing risk strategies for all Clients
- Trade log file
- Up to date site/meter list
- Forecast and, where available, actual consumption
- Base prices set at time of awarding each energy supply contract
- Pass through rates by time band

The incumbent supplier will meet the Contractor to brief them on the handover data.

On the last day of the existing contract, the incumbent supplier will notify the Contractor of any hedges, site additions/removals or other changes since the handover meeting.

6 INVOICING

During the Contract period, invoicing should be monthly in arrears and sent directly to each Client for approval and processing. For some Clients, an email should be sent to a central processing team. The exact process for each Client will be agreed by the Contractor as part of the contract implementation and mobilisation phase post contract award.

Core government payments will be completed via AccountNI payment system.

Further invoicing details are at Schedule 2 of the Commercial Conditions of Contract.

Each Client's invoiced sum will depend on:

- (i) their number of invoices which will dictate the pricing band within the Pricing Schedule relevant to each Client;
- (ii) whether the Client has elected to have actual consumption data in their position report updated which will dictate the group within the Pricing Schedule relevant to each Client.

In accordance with the Pricing Schedule, the Contractor will invoice each Client based on the total sum per risk strategy per year divided by 12.

Before each anniversary date of the Contract, the Contractor will advise Clients whether addition or removal of supply points has altered a Client's pricing band and which pricing band will apply for the 12 month period starting on the next contract anniversary date.

7 PERFORMANCE AND CONTRACT MANAGEMENT

7.1 Performance Management

The Contractor's performance shall be measured regularly as detailed within the contract monitoring schedule (Schedule 3 of the commercial conditions of contract).

8 WORKING WITH CPD'S ENERGY MARKET ADVISORY SERVICES SUPPLIER

As set out in Annex 1, CPD has a contract in place with an energy advisor to support the tendering of energy supply contracts.

The Contractor will work with the tender support energy advisor smoothly and efficiently to ensure that contracts are retendered in a timely fashion and that energy supply contracts are set up within the Contractor's systems in a timely fashion to enable risk management services to commence within 1 week of an energy supply contract being awarded.

9 HANDOVER OF SERVICES ON CONTRACT EXPIRY

On the expiry, or earlier determination, of the Contract, the Contractor shall:

- i. Comply with the TUPE requirements in the Public Sector Standard Conditions of Contract, Clause 8
- ii. Ensure there is no diminution of the Services up to and including the final day of the Contract Period
- iii. Ensure that all work is transferred to any new contractor or contractors as smoothly and efficiently as possible
- iv. Draw any outstanding work to a close at an appropriate stage as agreed with the Client
- v. As requested, provide the Client with information pertaining to the services and where applicable hand over appropriate documentation
- vi. Co-operate fully with any incoming contractor or contractors

One month prior to Contract commencement or as otherwise agreed, the Contractor will provide the incoming contractor with:

- Copies of existing risk strategies for all Clients
- Trade log file
- Up to date site/meter list
- Forecast and, where available, actual consumption
- Base prices set at time of awarding each energy supply contract
- Pass through rates by time band

The Contractor will meet the incoming contractor to brief them on the handover data.

On the last day of the Contract, the Contractor will notify the incoming contractor of any hedges, site additions/removals or other changes since the handover meeting.

Annex 1: Specification for CPD's Energy Market Advisory Services Contract

In order to establish tender competitions in respect of electricity and gas and to manage the resultant contracts CPD requires energy market intelligence expertise to provide specialist electricity and gas advisory services to a variety of bodies across the Northern Ireland Public Sector.

5.1 Services A: Advisory Services to support Tender Exercises

- (i) Assisting with the development of specifications and Client specific pricing models for tendering
- (ii) Obtaining from suppliers appropriate consumption data, verifying supply points with users and presenting in a pricing schedule for tendering
- (iii) Analysing and manipulating half hourly and non-half hourly data into the DUoS and TUoS time bands to ensure accurate application of pass through charges including DLAF
- (iv) Assisting in the development of tender assessment methodologies
- (v) Implementing pricing models for fixed price or risk managed* Electricity/Gas Contracts
- (vi) Assisting in responding to clarification queries during tender exercises
- (vii) Input into Client handover documentation including final competition rates
- (viii) Assisting in the verification of tender compliance
- (ix) Assisting in assessment of tenders
- (x) Evaluate the pricing schedule

* The risk managed service is provided by a separate contract and not a requirement for this contract.

Table 1 and table 2 below show the total meters for metered electricity and natural gas.

Table 1

Electricity Meters		
Contracting Authority	No. of Half hourly meters	No. of Non Half hourly meters
CPD	1,843	2,881
BSO	109	586
NIW		88

Table 2

Gas Meters	
Contracting Authority	No. of meters
CPD	1,558
BSO	522

5.2 Services B: Contract Services

- (i) If required, providing a detailed handover report (including sample billing layout) to all Clients advising of indicative future costs based on historical consumption and the winning tenderers supplier margin
- (ii) Completing network transfer forms as required
- (iii) Maintain a central register of all meter points (inclusive of additions and removals during the contract period)
- (iv) Obtaining savings reports as required
- (v) Liaising with SIB for consumption data transfer into SIB's central database
- (vi) Assisting Clients with managing their energy contracts

5.3 Services C: Ad Hoc Advisory Services

Some ad hoc Energy Advisory Services may be required during the life of the Electricity and gas contracts and may include advice regarding;

- Market trends including energy price fluctuations
- Tariffs
- Post purchase analysis
- Regulatory changes
- Market review and associated services including update on suppliers and emerging markets

This ad hoc advice may be required in writing, by attending meetings and/or undertaking presentations.

5.4 Services D: Knowledge Transfer Services

Knowledge transfer may be required by providing up to 2 days training per year to each participating body.

5.5 Services which are Out of Scope

The following services are currently provided via a separate contract (ID 2621210) and will remain out of scope from this contract while contract ID 2621210 is in place, but may be provided through Services C of this contract if contract ID 2621210 is not replaced.

Strategy Development

- Development, implementation and achievement of existing and future business plans and procurement strategies for energy procurement
- Preparation of savings strategies
- Review of existing energy procurement processes and procedures
- Recommendations on hedging strategies and term
- Post purchase analysis and counter-factual comparisons

Risk Management Services

- Identifying and analysing potential market changes that may impact costs (regulatory, new market entrants, changes to pass through, wholesale etc.)
- Carrying out risk analysis on each portfolio of contracts
- Managing flex/fixed contracts including all hedging/unhedging instructions
- Managing fully flexed contracts including all hedging/unhedging instructions
- Post hedge reports by Client and by sector
- Advice on opportunities to contract for Corporate Power Purchase Agreements (CPPAs)

Reporting

- Cost and consumption reports (Daily, Weekly, Monthly and annually as required by Clients)
- Market update reports (Daily, weekly, monthly and annually as required by each Client)
- Project appraisal reports

Ad Hoc Services

- Bill validation
- Long term retail and wholesale price projections
- Modelling the impacts of regulatory and policy changes in energy markets
- Advice on strategies to ensure physical resilience on the government estate
- Advice on strategies to deal with electrification of heat and transport
- Advice on potential market changes as a result of BREXIT
- Wider energy policy development

Annex 2: Participants in CPD's Energy Market Advisory Services Contract

SERVICES SELECTED BY CoPEs UNDER CPD's ENERGY MARKET ADVISORY SERVICES CONTRACT (CPD COLLABORATIVE ARRANGEMENT)

<u>Participating Bodies</u>	<u>Services Required</u>			
	Services A: Advisory Services to support Tender Exercises	Services B: Contract Services	Services C: Ad Hoc Advisory Services	Services D: Knowledge Transfer Services
Construction and Procurement Directorate (CPD)	√	√	√	√
Education Authority (EA)	√	√	√	√
Translink	√	√	√	√
Business Services Organisation (BSO)	√	√	√	√
NI Water	√	√	√	√

Annex 3: List of Participants in CoPEs' Energy Contracts

Below is a list of bodies participating in energy supply contracts that fall under the various CoPEs. These are subject to change.

CPD

Department of Agriculture Environment, and Rural Affairs (DAERA)
DAERA – Agri-Food and Biosciences Institute (AFBI)
DAERA – College of Agriculture, Food and Rural Enterprise (CAFRE)
DAERA – Lough's Agency
Department of Education (DE)
DE – General Teaching Council Northern Ireland (GTCNI)
Department for Communities (DfC)
DfC – Arts Council Northern Ireland (ACNI)
DfC – Armagh Observatory and Planetarium (AOP)
DfC – Charity Commission NI
DfC – Northern Ireland Local Government Offices Superannuation Committee (NILGOSC)
DfC – National Museums Northern Ireland (NMNI)
DfC – Ulster Supported Employment Limited (USEL)
DfC – Sport NI
Department for the Economy (DfE)
DfE – Belfast Metropolitan College (BMC)
DfE – Construction Industry Training Board (CITB)
DfE – Certification Office
DfE – Health and Safety Executive for Northern Ireland (HSENI)
DfE – Invest NI
DfE – Labour Relations Agency (LRA)

DfE – Northern Regional College (NRC)
DfE – North Western Regional College (NWRC)
DfE – Office of the Industrial Tribunals and The Fair Employment Tribunals (OITET)
DfE – South Eastern Regional College (SERC)
DfE – Southern Regional College (SRC)
DfE – Stranmillis University College (Stranmillis)
DfE – South Western College (SWC)
Department for Infrastructure (DfI)
DfI – Roads & Rivers
DfI – Transport Northern Ireland (TNI)
Department of Finance
DoF – Properties Division and its Clients
Department of Justice (DoJ)
DoJ – Legal Service Agency (LSA)
DoJ – Northern Ireland Courts and Tribunals Service (NICTS)
DoJ – Northern Ireland Policing Board (NIPB)
DoJ – Northern Ireland Prison Service (NIPS)
DoJ – Probation Board for Northern Ireland (PBNI)
DoJ – Police Ombudsman
DoJ – Youth Justice Agency
Department of Health (DoH)
The Executive Office (TEO)
TEO – Equality Commission
TEO – Maze Long Kesh

Translink
Education Authority (EA)
Libraries NI
Council for the Curriculum Examinations and Assessment
Police Service of Northern Ireland (PSNI)
NI Utility Regulator
Northern Ireland Housing Executive (NIHE)
Northern Ireland Public Sector Ombudsman (NIPSO)
Public Prosecution Office (PPS)
Queens University Belfast (QUB)
St Mary's University College
Ministry of Defence (MOD)
Food Standards Agency (FSA)
Electoral Office Northern Ireland (EONI)
Northern Ireland Audit Office (NIAO)

BSO PaLS

Belfast Health & Social Care Trust
South Eastern Health & Social Care Trust
Western Health & Social Care Trust
Northern Health & Social Care Trust
Southern Health & Social Care Trust
Regional Health Board
NI Fire & Rescue Service

NI Ambulance Service Heath and Social Care Trust
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Business Services Organisation

Translink

Single Client

NI Water

NI Water Alpha

Education Authority

Single Client

Annex 4: Breakdown of meters and consumption by Client

Note that figures in this Annex are more current than figures provided in other annexes, which were current at time of tendering for CPD's energy advisory contract.

	No. of sites or meters			kWh Consumption (annual) (based on forecast at time of tender plus updated for actuals where available)		
	Metered electricity	Unmetered electricity	Natural gas	Metered electricity	Unmetered electricity	Natural gas
Dfl*		2328			91,096,171	
EA	1798		808	77,510,505		173,250,432
MOD	84		244	32,100,000		67,709,070
NI Water		304	6		1,563,638	1,173,932
PD*	2644		448	120,960,323		244,231,147
PSNI	141		91	39,856,334		39,465,999
Translink	216		30	12,855,521		17,054,904
BHSCT	257		152	75,316,457		194,939,588
BSO+	6		5	859,252		2,063,031
NHSCT	142		123	26,537,737		62,544,084
NIAS+	22		11	673,810		921,949
NIFRS+	77		41	4,502,002		7,765,625
SEHSCT	107		103	34,995,362		55,347,927
SHSCT	77		81	20,408,409		69,142,568
WHSCT	114		92	19,368,325		106,812,580
Total	5,685	2,632	2,235	465,944,037	92,659,809	1,042,422,836

* Includes follower organisations

+ Date to follow BHSCT risk strategies to be agreed

Number of electricity meters by Client and tariff

	Count of MPRN													
	CPD Clients					Health & Social Care Trusts								Grand Total
Tariff	EA	MOD	PD*	PSNI	Translink	Belfast	BSO+	NHSCT	NIAS+	NIFRS+	SEHSCT	SHSCT	WHSCT	
T011			1548			143		45			27		2	1765
T012			4					12						16
T014			5			1					6			12
T031	464	55	581	5	2	64	1	68	10	18	44	56	81	1449
T032	32	4	44	3		2	1	1	4	37	2	9	6	145
T033			6					1	5	6	1		1	20
T034	4	2	14			9		1		9	4		11	54
T035	975		25	62	184	6		2			5	1	1	1261
T041	4		2											6
T042			2					1						3
T043	4		5			2					1			12
T101	265	17	228	62	18	24	4	16	3	8	12	9	7	673
T103			1											1
T201		3	9	3	3			2					2	22
T202			1			3						2	1	7
T203		3	6	1		1		1			1		2	15
Blank#	37		163		9									209
Total	1785	84	2644	136	216	255	6	150	22	78	103	77	114	5670

- * Includes follower organisations
+ Date to follow BHSCT risk strategies to be agreed.
MPRN tariff unable to be established

Number of gas meters by Client and tariff

	Natural Gas SMPNs by client and tariff type															
	CPD Clients							Health & Social Care Trusts								Grand Total
P/Cat	EA	MOD	NI Water	PD*	PSNI	Translink		BHSCT	BSO+	NHSCT	NIAS+	NIFRS+	SEHSCT	SHSCT	WHSCT	
DM	1	6		26	2	2		10		5			8	3	6	69
EUC1	346	87	2	147	29	6		1		4	2		2	1		627
EUC1C															6	6
EUC2	396	131	3	214	49	15		1		2				1		812
EUC3	65	19	1	60	11	7										163
No meter yet																1
P1								41		34	4	19	27	24	22	171
P2				1				88	4	68	5	20	56	44	52	338
P3								1		6				8	6	21
P3F								10	1	4		2	10			27
Total	808	244	6	448	91	30		152	5	123	11	41	103	81	92	2235

* Includes follower organisations

+ Date to follow BHSCT risk strategies to be agreed

Number of unmetered sites by Client and meter type

Tariff type	DFI*	NI Water	Grand Total
T710	468	304	772
T711	817		817
T712	1043		1043
Grand Total	2328	304	2632

* Includes follower organisations