

Invitation to Tender for Static Reactive Power service

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Dear tender participants,

General updates for Mersey region static reactive power tender

Following the Invitation to Tender for reactive power services from April 2022, which was published on our website on 25th November 2019, we would like to provide the following updates to providers that have submitted Technical Data (Section A) on or before 13th December 2019.

Return of technical information

A separate email will be sent later today with Technical Information (Section B) to each provider that submitted their technical data (Section A) in December. As detailed in our last update on 31st January 2020 this will include a series of information from NGET and SPEN as appropriate. Additional information will be shared on 13th March with specific providers looking to connect to the transmission system where additional third-party works may be required to address any impact to the distribution network; this is generally related to tertiary connections.

Clarification to assessment methodology regarding contingency cover

The assessment will also include evaluating contingency needs against the set of winning solutions. Contingency volume is required to be able to secure against outages and system risks (such as a provider or a circuit tripping). This contingency can either be secured as potential Balancing Mechanism actions, if available, or by contracting with submissions to this tender – whichever is cheaper. Therefore, we may procure more than 230MVA_r. The total cost to procure both the full volume and contingency will be considered together to procure the cheapest cost option.

As part of the assessment, we will need to validate that clustered solutions are not at risk to credible system faults or outages. These are likely to require a higher level of contingency to be procured and it may therefore be uncompetitive to procure more than one solution at locations where the above risk exists.

Any contingency that is required to be procured from this assessment will be awarded the same contract as any other provider and all winning providers will be treated equally.

Clarification on how site / solution specific infrastructure costs will be assessed

To avoid any unnecessary confusion, we believe that there is a need to clarify how site / solution specific infrastructure costs will be considered within the commercial assessment of tenders that we receive. As highlighted within our last update on 31st January we will share such costs with providers when we return technical information later today. It is worth recognising that these are wider costs that will be borne by NGET in facilitating a connection which are not charged to the connectee but are ultimately recovered from consumers. We therefore do not expect that a provider should account for such costs within their commercial offer but should acknowledge that they will be included within our cost benefit analysis, alongside the providers tendered costs, to ensure that the full costs of a project are understood.

Updates made to the Standard Contract Terms

We have included a new clause 6.6 that will allow the Company (at their discretion) to suspend the agreement if there is a restriction imposed by the Local TO. We have not put a minimum or maximum time as we would wish to retain the flexibility to trigger this right. It is worth noting that we hope this shouldn't happen too often as the System Operator Transmission Code (STC) does put an obligation on the TO to provide services to NGESO, including making available those parts of its Transmission System which are intended for the purposes of conveying, or affecting the flow of, electricity, so that such parts are capable of doing so and are fit for those purposes.

We have also included a new definition for Local TO. No further changes have been made to the November 2019 terms and we have included a comparison version on the website.

NGET feedback about “clock start” following contract award

As the length of time between the contract award date and the start of the Static Reactive Power service programme is relatively limited, NGET expect that participants who are successful in the tender submit a competent connection application along with the appropriate fees as soon as possible after the contract award date to ensure that service start date can be met. In developing their investment and construction programme, NGET have assumed that a clock start date of 15/05/2020. We would therefore advise that tender participants prepare their connection application in advance of the tender award date.

NGET feedback on the potential need to indemnify “accelerated works” during the connections process

In order to ensure that the service start date can be met, NGET have advised that they will also need to accelerate the design development and mains contractor tender process ahead of the standard STC/CUSC commercial timeline. NGET therefore expect that an indemnity agreement will need to be signed by the customer within two months of the clock start date to secure any activities that need to be brought forward. It is our current understanding that this will have an impact on the security profile and not on the overall infrastructure cost of the project. We are currently seeking clarity on this from NGET and will provide an update next week if this is not the case.

Next Steps and timescales

Monday 25 th November 2019	Tender published
Friday 13 th December 2019	Providers submit Technical Data (Section A)
Friday 28 th February 2020	NGESO returns Technical Information (Section B)
Friday 13 th March 2020	NGESO returns additional technical information of third party works assessment for applicable tertiary connections
Friday 27 th March 2020	Providers submit Commercial Tender (Section C)
Thursday 7 th May 2020 ¹	Contracts Awarded
Friday 1 st April 2022	Service Commences

This timetable is consistent with that shared on 31st January. As a reminder, this introduced a new stage to communicate additional information to be provided for tertiary connections which could have an impact on the distribution network. There also remains an additional week for participants to return Section C of the proforma with a commercial submission date of 27th March.

For the avoidance of doubt this tender is only open to those service providers who returned Technical Data (Section A) by the 13th December 2019.

We would like to thank all providers for your continued patience and cooperation throughout the tender process.

Further Information

For further information please contact commercial.operation@nationgrideso.com or call 01926 654611.

Yours faithfully

Paul Lowbridge
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¹ This is the latest we will publish the results, we will endeavour to publish these results earlier if possible.