

Electricity System Restoration (ESR) Competitive Procurement Event - South East Tender Commercial Evaluation Methodology

Introduction

The ESO launched this competitive tender in 2022, to procure against our restoration requirement for the South East (SE) region, for services commencing on 1st July 2025 (or earlier at the discretion of the ESO), for a five-year contract. This tender is the first of its kind to include the outputs from the [Distributed ReStart Project](#) to enable potential distribution-led restoration to complement the transmission-led restoration services.

We published earlier in the tender process the [ITT: Appendix 1 - Technical Requirements and Assessment Criteria](#) so all potential providers had visibility of how the technical scoring will work. This document is intended to explain more about the final commercial evaluation and scoring.

What is different this time round?

- In previous competitive ESR tenders, there was only one category to apply against – primary service (full) provisions. This tender, there are four categories – primary service, top-up services at transmission level, and at distribution level - there are anchor generator and top-up services which will be combined to form a feasible Distribution Restoration Zone (DRZ) where possible.
- This means unlike before, where there was one single stack to select from, for the final evaluation now, there will be three separate stacks: primary service, top-up at transmission level and one for the DRZs (note that the contract will still be with individual providers in the successful DRZ, and not a combined one per DRZ)
- Before, the final evaluation was scored 70 (commercial):30 (technical). This time the split is even 50:50, to get the best technical solution at the most economic cost from each stack and to level the playing field for new technologies to enter this market.
- The minimum restoration capability will be procured from the primary service category, however, to meet additional network resilience needs and the Electricity System Restoration Service standard (ESRS¹), we will contract at least one top-up service at transmission level and at least one DRZ.
- For the decision on DRZs, ESO will collaborate with the DNO because they have an enhanced role in the distribution-led restoration process. Therefore, for decision on which DRZ will be contracted, the DNO's network will need to be ready to support the solution too.

What remains consistent

Our contracting requirement is linked to the target restoration time for each region. To deduce optimised solutions, we use a modelling tool which has been approved for use by Ofgem. We will procure, in merit order, services to meet our requirement in the zone. The contracts will be awarded to the highest scoring solutions, and we remain technology agnostic in our decisions.

The final evaluation comprises of three stages:

¹ <https://www.nationalgrideso.com/industry-information/balancing-services/electricity-system-restoration-standard>
This new ESRS [obligates](#) the Electricity System Operator (ESO) to have sufficient capability and arrangements in place to restore 100% of Great Britain's electricity demand within five days. This should also be implemented regionally, with an interim target of 60% of regional demand to be restored within 24 hours. The ESO must ensure that everything is in place to comply with this standard by no later than 31st December 2026.

- **Stage One – Completeness check**, this is conducted as soon as the final submissions are in. Our team will check that all the attachments are included, and all the information is filled in compliantly.
- **Stage Two – (Technical and) commercial evaluations**, these are conducted independently by the Restoration Technical Team on the technical feasibility studies, and by the Market Services Contracts Team on the commercial submissions. During this stage, we may require further provider clarification calls, which will be organised by exception.
- **Stage Three – Final scoring**, the scores from both parts of the evaluations are combined and sorted per stack with the highest scoring up top. The restoration modelling will inform how many contracts are required based on the final stacks.

Evaluation of Tenders

Stage One – Completeness and compliance checks

Tenders will be subject to an initial compliance check in line with the tender rules, detailed in the ESO invitation to tender document, to confirm that the tenders:

- are submitted on time, are completed correctly, all the attachments are included, and meet the requirements of the Invitation to Tender (ITT)
- do not contain any caveats, or any other statements, or assumptions qualifying the tender response that are not compliant for evaluation in accordance with any documents issued by ESO in any way
- reflect and confirm full and unconditional compliance with all the documents issued by the ESO forming part of the ITT, including the ability to meet the service commencement date
- have not contravened any of the terms and conditions of the tender process.

Tenders that do not meet the above criteria may be rejected at this stage.

Tenders that pass this stage will be subject to a detailed evaluation in accordance with the criteria and weightings set out.

Stage Three – Commercial evaluation

The process for commercial evaluation reviews the breakdown of costs (capex and opex) in the Commercial Submission Form. The method of scoring will be that the tender with the most competitive price will receive the maximum points available (50).

Each remaining tender is then measured relative to the best (lowest price) tender using a proportionate scale.

The commercial scoring methodology is a linear assessment that will make sure each bid receives a number of points. The lowest cost provider will be awarded the highest points with the other tenderers being scored proportionally less based upon their percentage difference from the lowest price.

Therefore, the highest bid will be a % difference from a sum of the highest and lowest bid – 1. This will be multiplied by a factor of 0.5 to provide a score for the commercial assessment.

- Get the total project cost over the duration of the full 5 years. This will mean applying a calculation to the availability fee which is per settlement period (£*48*No. of days)
- Stack by lowest total cost to highest.
- If the lowest total cost is for example £2M, highest total cost is £10M, the sum is £12M. If Provider X bids at £6M, the calculation for points will be: $1 - (6 / 12) * 0.5$

If the overall evaluation, results in very close or identical evaluation scoring, scores will be treated as a tie (i.e., a statistical tie within acceptable margins of error making it difficult, if not impossible, to differentiate between two or more bids), in which scenario, we reserve the right to present a tie-break, using one of the following criteria:

- Taking the higher score of the tied bidders in relation to a key criterion such as price, that is the lowest price will win
- Set additional questions to be answered by tied bidders – we will confer with our legal team on this option if it is required.

Stage three – Final scoring

The technical and commercial scores will be added together to give an overall score out of 100. The overall scores will then be used to rank the tender submissions in each stack. The restoration modelling assessment will determine how many primary services are required. The number of top-ups at transmission level contracts, are determined based on network and resilience requirements. Similarly, the number of DRZ required are based on ESO and DNO evaluation of what is needed to support bottom-up restoration.

The next part of the process once a final shortlist is established, the results are shared with the ESO Executive Team and Board (if required) for final approval and sanction of the costs. Ofgem are notified and we can finally inform the tender participants of their outcome.

For successful tenderers, the next stage is focussed on getting contracts signed ahead of starting the works on site. Instructions about this stage will be shared in due course.

For those unsuccessful, there will be opportunity for feedback.

Note that our restoration process also undergoes an external audit to provide the necessary assurance to our Approvers and Ofgem, that all due diligence has been followed.