
Enhanced Pre-Qualification Document for Tender Round 12 (TR12) Appendix 2 – Evaluation Criteria and Guidance

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We are running a competitive tender round consisting of one tender exercise to appoint an Offshore Transmission Owner (OFTO) for the Sofia Offshore Wind Farm project.

The first stage of the tender round is an Enhanced Pre-Qualification (EPQ) Stage. This document sets out the requirements Bidders need to demonstrate in order to be invited to participate in subsequent stages.

Bidders should demonstrate that they satisfy the requirements set out in this document and demonstrate how they would approach financing, operating and managing offshore transmission assets.

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1. EVALUATION OF EPQ SUBMISSIONS

This document is Appendix 2 of the 'Enhanced Pre-Qualification Document for Tender Round 12 (TR12)' (**EPQ Document**). Participants are expected to have fully read the EPQ Document and all other associated appendices in conjunction with this document for full details of the tender process and how bid submissions will be evaluated.

Section 3 of the EPQ Document provides the 'Enhanced Pre-Qualification Questionnaire' (**EPQ Questionnaire**) which participants are required to respond to and submit as part of their bid. The EPQ Questionnaire is structured into the following parts and sections:

a. PART 1 - SUITABILITY

- Section 1 – Identification Information
- Section 2A – Grounds for mandatory exclusion
- Section 2B – Grounds for discretionary exclusion

b. PART 2 – ECONOMIC AND FINANCIAL STANDING

- Section 3 – Economic and Financial Standing

c. PART 3 – TECHNICAL AND PROFESSIONAL ABILITY

- Section 4 – Experience of Asset Takeover, Management and Operations

d. PART 4 – LIMITATION CRITERIA

- Section 5 – Approach to Asset Takeover
- Section 6 – Approach to Management and Operations
- Section 7 – Funding Solution
- Section 8 – Financial and Commercial Risk Management

e. PART 5 - OTHER

- Section 9 – Draft Transfer Agreement Comments
- EPQ Certificate
- Confidentiality

Section 4 of the EPQ Document ('Evaluation of EPQ Submissions') sets out the evaluation process that will be followed when assessing bids. Paragraphs 4.7 to 4.13 of the EPQ Document sets out the basis on which each section in the EPQ Questionnaire will be scored.

In summary, PARTS 1, 2 and 3 (which consists of Sections 1, 2, 3 and 4) will be evaluated on a pass/fail basis. PART 4 will be evaluated on a scored basis (as set-out in paragraphs 4.15 to 4.20 of the EPQ Document). Each of the questions in sections 5, 6, 7 and 8 will be scored using an evaluation scale ranging from A to D. There is an averaged minimum threshold of 'B-' to be reached for each individual section for a Bidder to pass and to be shortlisted for the ITT Stage in respect of a relevant Qualifying Project. Where there are more than 8 such bidders, paragraph 4.16 of the EPQ Document will apply.

2. PART 1 - SUITABILITY

SECTION 1: IDENTIFICATION INFORMATION

Section 1 Evaluation Criteria

This section is used to gather the necessary details to understand the nature of each organisation and legal entity participating in the Tender Exercise. A Bidder must provide details and evidence of its identity as requested in the EPQ Questionnaire. Where the Bidder is formed of a Bidder Group, each individual Bidder Group member should complete the table provided in section 1 of the EPQ Questionnaire. Bidders are required to provide the information required otherwise they will fail this section.

Scoring methodology for Section 1

Section 1 is scored on a Pass/Fail basis.

Questions and Evaluation Guidance for Section 1

Question 1A: Name of Bidder/Bidder Group member (if the Bidder is formed of a Bidder Group, please also state the name of each Bidder Group Member and indicate the lead contact).

Evaluation Guidance for Question 1A:

PASS - Bidder has provided details and evidence of its identity, and of each Bidder Group member and lead contact, as applicable.

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Question 1.1B: Please provide as applicable the relevant requested details in the boxes below. Where an address provided is not in Great Britain, provide an address in Great Britain for the service of documents.

- a) Company Registration number or identification (if applicable)
- b) Date of registration in country of establishment
- c) Place of incorporation (or equivalent)
- d) Address of registered office (or equivalent)

Question 1.2B: Advise which of the following best indicates the trading status of the Bidder:

- a) Public limited company
- b) Limited company
- c) Overseas company
- d) Other body corporate
- e) Unincorporated association
- f) Sole trader
- g) Other

Question 1.3B: Provide the following details of the immediate parent company (if applicable):

- a) Full name of the immediate parent company
- b) Registered office address (if applicable)
- c) Registration number

Question 1.4B: Provide the following details of the ultimate parent company:

- a) Full name of the immediate parent company
- b) Registered office address
- c) Registration number
- d) Position of Bidder (or Bidder Group member) in the group structure

Question 1C: Provide the following, with your response not exceeding a maximum of 3 pages in total to this question:

Details of the shareholding/Bidder Group organisational structure, making clear:

- the identity of the entity that will hold the OFTO Licence for the Qualifying Project;
- the relationship which each Bidder Group member and Supporting Organisation, where applicable, will have within and/or with the OFTO, including identification of the Ultimate Controller(s) of the OFTO; and
- key contractual relationships and accountability for managing these.

In the case of a Bidder Group, outline the proposed ownership arrangements, the proposed ownership proportions, and how you propose to share any and all liabilities of the Bidder Group under the project and/or finance documents between members.

Bidders must either:

1. Confirm that the share of liabilities is shared according to the proposed ownership proportions; or
2. Clearly set out the alternative proposed liability apportionment between Bidder Group members.

Question 1D: provide the following details in relation to the Bidder (or Bidder Group member):

- a) Full names and addresses of current directors in existing bidding entities including any shadow directors within the meaning of section 251 of the Companies Act 2006.
- b) Authorised signatories.
- c) Principal shareholders.

Question 1E: Where any person (other than a person whose name is given in response to Question 1D holds 20% or more of any class of shares of a Bidder (or Bidder Group member), please provide for each person:

- a) Name of person:
- b) Address:
- c) Number of shares held as percentage of the aggregate number of shares of that class represented by such shareholding:

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Question 1F: Where the Bidder (or Bidder Group member) is neither a body corporate nor a sole trader, please provide the name(s) and address(es) of the person or persons in whom effective control of the Bidder or Bidder Group member rests.

- a) Name
- b) Address

Question 1G: Where they have already been appointed, provide details of the Bidder's legal, financial, technical, communications, or other key professional advisers in relation to this tender round.

- a) Legal
- b) Financial
- c) Technical
- d) Communications
- e) Other

Question 1H: Provide details of any licences held by the Bidder (or Bidder Group member) under the Electricity Act 1989 (as amended) or Gas Act 1986 (as amended).

Evaluation Guidance for Questions 1.1B to Question 1H:

PASS - Bidder has provided details and evidence of its identity, and of each Bidder Group member and lead contact, as applicable.

SECTION 2A: GROUNDS FOR MANDATORY EXCLUSION

Section 2A Evaluation Criteria

Where the Bidder is formed of a Bidder Group, the Bidder should submit a separate completed table (provided in section 2A of the EPQ Questionnaire) for each Bidder Group member unless the answers to all questions below are 'no' for each Bidder Group member. Where all responses from all Bidder Group members are 'no' to the questions below, the Bidder need only submit one response to this section.

A Bidder must answer yes or no to each question. If a Bidder answers yes to any of the questions in section 2.1A, it must provide evidence of the measures taken, following the relevant conviction, that are sufficient to demonstrate its reliability as a potential OFTO. The answer must also name the organisation or member being referred to.

In assessing whether the evidence provided by a Bidder is sufficient to demonstrate its reliability as a potential OFTO, despite the offence, we will take into account whether the Bidder has:

- i. paid or undertaken to pay compensation in respect of damage caused by the criminal offence or misconduct;
- ii. clarified the facts and circumstances in a comprehensive manner by actively collaborating with the investigating authorities; and
- iii. taken concrete technical, organisational and personnel measures that are appropriate to prevent further criminal offence or misconduct.

We shall also take into account the gravity and particular circumstances of the criminal offence or misconduct.

Notwithstanding the above, we will exclude a Bidder from the Tender Exercise that has answered yes to a question under section 2A where we consider the Bidder has not demonstrated its reliability as a potential OFTO unless there are overriding public interest reasons not to do so.

Scoring methodology for Section 2A

Section 2A is scored on a Pass/Fail basis.

Questions and Evaluation Guidance for Section 2A

Question 2.1A(a): Mandatory Exclusion Grounds

Please refer to this [webpage¹](#), before completing these questions. The mandatory grounds of exclusion are as set out in **schedule 6 of the Procurement Act 2023**.

Please indicate if, within the past five years your organisation, or any other person who has powers of representation, decision or control in the organisation has been convicted anywhere in the world of any of the offences within the summary below and listed on the same [webpage](#).

- a) Participation in a criminal organisation
- b) Corruption
- c) Fraud
- d) Terrorist offences or offences linked to terrorist activities
- e) Money laundering or terrorist financing
- f) Child labour and other forms of trafficking in human beings

Please type 'Yes' or 'No' next to each space provided as applicable. Where you have indicated 'Yes', further details should be provided in response to Question 2.1A(b).

Question 2.1A(b): If you have answered yes to question 2.1A(a), please provide further details in the box below, including:

- a) Date of conviction, specifying which of the grounds listed the conviction was for, and the reasons for conviction;
- b) The identity of who has been convicted; and
- c) If the relevant documentation is available electronically please provide the web address, issuing authority and precise reference of the documents.

Question 2.2A: If you have answered 'yes' to any of the points in Question 2.1(a)above, have measures been taken to demonstrate the reliability of the organisation despite the existence of a relevant ground for exclusion? (Self Cleaning).

Question 2.3A(a): Tax Offences

Has it been established, for you by a judicial or administrative decision having final and binding effect in accordance with the legal provisions of any part of the United Kingdom or the legal provisions of the country in which the organisation is established (if outside the UK), that the organisation is in breach of obligations related to the payment of tax or social security contributions? Please refer to the meaning of "tax" set out in paragraph 29 of Schedule 6 of the Procurement Act 2023.

Please type 'Yes' or 'No' in the space provided as applicable. Where you have indicated 'Yes', further details should be provided in response to Question 2.3A(b).

Question 2.3.A(b): If you have answered 'Yes' to Question 2.3A(a), please provide further details in the box below. Please confirm you have paid, or have entered into a binding arrangement with a view to paying, the outstanding sum including where applicable any accrued interest and/or fines.

Evaluation Guidance for Question 2.1A(a) to 2.3A(b):

PASS – A Bidder answers no to all questions or where the Bidder answers yes to one or more questions the evidence provided by the Bidder of the measures taken in response to each relevant conviction are sufficient to demonstrate its reliability as a potential OFTO.

In determining reliability for the purposes of self-cleaning, reference will be made to the relevant provision in the Procurement Act 2023.

The date of the conviction as the period of exclusion is five years from the date of the conviction.

The primary source of information will be provided by the Bidder under the EPQ. However, extrinsic materials are also relevant where available such as news reports.

Section 2B: GROUNDS FOR DISCRETIONARY EXCLUSION

Section 2B Evaluation Criteria

Where the Bidder is formed of a Bidder Group, the Bidder should submit a separate completed table (in section 2B of the EPQ Questionnaire) for each Bidder Group member unless the answers to all questions 2.1B to 2.3B below are 'no' for each Bidder Group member. Where all responses from all Bidder Group members are 'no' to the questions below, the Bidder need only submit one response to this section.

A Bidder must answer yes or no to each question. If a Bidder answers yes to any of the questions in sections 2.1B and/or 2.3B, the Bidder must provide evidence of the measures taken, following the relevant conviction or breach of obligations, that are sufficient to demonstrate its reliability as a potential OFTO. The answer must also name the organisation or member being referred to.

A Bidder that answers yes to question 2.4B concerning licence issues must provide details of the circumstances in which any licences granted under the Electricity Act 1989 or Gas Act 1986 have been revoked or where an application was not successful.

In assessing whether the evidence provided by a Bidder is sufficient to demonstrate its reliability as a potential OFTO, despite the offence, the Authority will take into account whether the Bidder has:

- i. paid or undertaken to pay compensation in respect of damage caused by the criminal offence or misconduct;
- ii. clarified the facts and circumstances in a comprehensive manner by actively collaborating with the investigating authorities; and
- iii. taken concrete technical, organisational and personnel measures that are appropriate to prevent further criminal offence or misconduct.

We shall also take into account the gravity and particular circumstances of the criminal offence or misconduct.

Bidders that have breached obligations relating to tax or social security contributions under section 2B will not be excluded from the Tender Exercise where they have fulfilled their obligations by paying, or entering into a binding agreement with a view to paying, the taxes or social security contributions due, including, where applicable, any interest accrued or fines; or where an exclusion from the Tender Exercise would be clearly disproportionate to the breach. Save for these circumstances, the Authority may exclude a Bidder from the Tender Exercise that has answered yes to a question under section 2B where we consider the Bidder has not demonstrated its reliability as a potential OFTO.

Scoring methodology for Section 2B

Section 2B is scored on a Pass/Fail basis.

Questions and Evaluation Guidance for Section 2B

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/551130/List_of_Mandatory_and_Discretionary_Exclusions.pdf

Question 2.1B (items a. to i): Discretionary Exclusion Grounds

Please refer to this [webpage²](#), before completing these questions. The discretionary grounds of exclusion are as set out in schedule 7 of the Procurement Act 2023.

Please indicate if, within the past three years, anywhere in the world any of the following situations have applied to you, your Bidder Group members, Supporting Organisations or any other person who has powers of representation, decision or control in the organisation(s).

- a) Breach of environmental obligations?
- b) Breach of social obligations?
- c) Breach of labour law obligations?
- d) Bankrupt or is the subject of insolvency or winding-up proceedings, where the organisation's assets are being administered by a liquidator or by the court, where it is in an arrangement with creditors, where its business activities are suspended or it is in any analogous situation arising from a similar procedure under the laws and regulations of any State?
- e) Guilty of grave professional misconduct?
- f) Entered into agreements with other economic operators aimed at distorting competition?
- g) Aware of any conflict of interest within the meaning of section 81 of the Procurement Act 2023 due to the participation in the Tender Exercise?
- h) Been involved in the preparation of the Tender Exercise?
- i) Shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract, a prior contract with a contracting entity, or a prior concession contract, which led to early termination of that prior contract, damages or other comparable sanctions?

Please type 'Yes' or 'No' in the space provided as applicable. Where you have indicated 'Yes', further details should be provided at Question 2.2B.

Question 2.1B(j): Answer the following statements by typing 'Yes' or 'No' in the space provided as applicable. Where you have indicated 'Yes', further details should be provided to Question 2.2B.

j)(i) The organisation is guilty of serious misrepresentation in supplying the information required for the verification of the absence of grounds for exclusion or the fulfilment of the Selection Criteria.

j)(ii) The organisation has withheld such information.

j)(iii) The organisation is not able to submit supporting documents as reasonably required by the Authority as part of this EPQ submission.

j)(iv) The organisation has influenced the decision-making process of the contracting authority to obtain confidential information that may confer upon the organisation undue advantages in the Tender Exercise, or to negligently provide misleading information that may have a material influence on decisions concerning exclusion, selection or award.

Question 2.2B: If you have answered 'Yes' to any of the points in Question 2.1B (points a. to j(iv) above, explain what measures have been taken to demonstrate the reliability of the organisation despite the existence of a relevant ground for exclusion? (Self Cleaning)

Question 2.3B: Grounds for discretionary exclusion: tax related offences
(Please indicate 'Yes' or 'No' in the space provided as applicable).

We reserve the right to use our discretion to exclude a Bidder where we can demonstrate by any appropriate means the Bidder is in breach of its obligations relating to the non-payment of taxes or social security contributions.

For your organisation and your Bidder Group, have any of the organisation(s)' tax returns submitted anywhere in the world on or after 1 October 2012 given rise to a criminal conviction for tax related offences which is unspent, or to a civil penalty for fraud or evasion? If you have answered 'yes' to this question, please provide further details in the box below.

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/551130/List_of_Mandatory_and_Discretionary_Exclusions.pdf

Question 2.4B: Grounds for discretionary exclusion: energy licence issues.

The Bidder should provide details of the circumstances of any licences granted under the Electricity Act 1989 (as amended) or Gas Act 1986 (as amended) which have been revoked or where an application was not successful, and to which Bidder Group member(s) this applies.

Please state to which members of the Bidder Group this question applies and list details of the supporting documentation you have provided.

Evaluation Guidance for Question 2.B to 2.4B:

PASS – A Bidder answers no to all questions or where the Bidder answers yes to one or more questions the evidence provided by the Bidder of the measures taken in response to each relevant conviction are sufficient to demonstrate its reliability as a potential OFTO.

In determining reliability for the purposes of self-cleaning, reference will be made to the relevant provision in the Procurement Act 2023.

The date of the conviction as the period of exclusion is three years from the date of the conviction. Evaluators will check the identity of the legal entity that is subject to the conviction or finding.

The primary source of information will be provided by the Bidder under the EPQ. However, extrinsic materials are also relevant where available such as news reports.

3. PART 2 – ECONOMIC AND FINANCIAL STANDING

SECTION 3: ECONOMIC AND FINANCIAL STANDING

Section 3 Evaluation Criteria

A Bidder must demonstrate that it has the necessary financial strength to be considered viable to support its proposed expenditure on the basis of the Initial Transfer Value for the Qualifying Project.

The financial solvency and strength of each Bidder will be assessed through consideration of its EPQ Submission, along with analysis of the Bidder's annual reports and accounts submitted for the three most recent years and any interim accounts and/or public announcements submitted.

Searches of news information sources and credit ratings may also be undertaken to highlight any issues that are not brought to our attention by the Bidder's responses to the EPQ Questionnaire and the supporting documents provided. Where such information raises material concerns, we reserve the right to request further information from the Bidder and/or the parent company/group (as appropriate). Where this information is not forthcoming, we reserve the right to fail the Bidder against this criterion.

We may request further information from the Bidder in respect of any statement provided as necessary as part of its evaluation.

Bidders should take into consideration the following instructions when responding to this section:

- (i) If the assessment of the Bidder, Bidder Group member or Supporting Organisation (as appropriate) is to be based on the parent company/group, the Bidder or Bidder Group member will need to demonstrate that the parent company/group will further participate in the process. This should be evidenced by the provision of letters of support at an appropriate level offering unqualified guarantees.
- (ii) When submitting financial statements disclosed in foreign currencies, Bidders are required to provide their balance sheets in Pounds Sterling at the average annual exchange rate for the financial statement year presented.
- (iii) Where there has been a significant reduction in either net assets or exchange rates since the latest balance sheet date such that the net assets do not meet the 110% requirements in Questions 3A and 3B (as applicable) the impact and reason should be disclosed.

A Bidder must respond to all applicable questions relating to the Bidder's financial standing. If the Bidder is formed of a Bidder Group, the lead member of the Bidder group should complete all questions in Part 2 on behalf of the Bidder Group.

Scoring methodology for Section 3

Section 3 is scored on a Pass/Fail basis.

Questions and Evaluation Guidance for Section 3

Questions **3A** and **3B** require Bidders to demonstrate their capacity to finance the Qualifying Project.

Please note that it is expected that financing solutions for the Qualifying Project will be based on either corporate financing or project financing. In the case of **corporate financing** please answer both parts of **Question 3A**. In the case of **project financing** please answer both parts of **Question 3B**.

Question 3A: Where the Bidder anticipates funding the Qualifying Project using **corporate finance** please provide the information requested in **(a) and (b)** below, being:

(a) evidence to demonstrate that the net assets of the Bidder, Bidder Group or relevant obligors³ are equal to or more than 110%⁴ of the proposed investment, i.e. the Initial Transfer Value, in the Qualifying Project. Net assets should be reconciled to the latest audited accounts available as at the EPQ Submission date and adjusted for any significant changes since that balance sheet date.

and

(b) a letter(s) from the Bidder, Bidder Group or Supporting Organisations detailing a proven track record in the last five years of financing projects of a similar size (or similar complexity) to the proposed investment (i.e. the Initial Transfer Value) of the Qualifying Project. The letter should include, as a minimum, the following:

- The name and type of project for which the finance was put forward;
- The amount of finance put forward;
- The key funding terms and conditions;
- Details of the corporate finance sources (for example, cash reserves or finance raised at a corporate level). Where finance was raised at a corporate level, please include the relevant terms; and
- Details of why the project should be considered of similar complexity (if relevant).

Where Bidder Group track records are cited, each such track record can be multiplied by the Bidder's share of the consortium and then summed for all Bidders in the Bidder Group.

Evaluation Guidance for Question 3A:

PASS - Evidence is provided by the Bidder that its net assets are equal to or more than 110% of the Initial Transfer Value in the Qualifying Project and a letter from the Bidder, Bidder Group or Supporting Organisations detailing a proven track record in the last five years of funding projects from the balance sheet totalling at least 110% of the proposed investment (i.e. 110% of the Qualifying Project's Initial Transfer Value (as set out in the EPQ Document)).

No extrinsic information that undermines the financial integrity of the Bidder's response has been identified or where such information has been identified it has been clarified to the satisfaction of the Authority.

Question 3B: Where the Bidder anticipates funding the Qualifying Project using **project finance**, please identify the expected debt and equity/risk capital split. Then respond to the relevant sections below (including Question 3B(a) and Question 3B(b)) taking account of this debt and equity/risk capital split (and implications for capital raising).

Evaluation Guidance for Question 3B:

PASS - Debt and equity split is identified and evidenced.

Question 3B(a): For the proposed **debt finance** in the expected debt and equity/risk capital split, the Bidder must provide evidence of its track record/support letter for its anticipated funding structure by providing the information requested in **one of Question 3B(a)(i) or Question 3B(a)(ii)**. If the Bidder answers more than one of **Question 3B(a)(i)** and **Question 3B(a)(ii)**, the first answer only (in this order) will be evaluated.

(i) A proven track record in the last five years of raising similarly sized or similarly complex limited recourse / project finance debt to the proposed debt finance requirement, i.e. the debt funded proportion of the Initial Transfer Value, of the Qualifying Project. Evidence of raising debt finance in the last five years must provide information as to all of the below points for each project:

- The name and type of project for which the finance was raised;
- The amount of debt finance raised, and when it was raised;
- The amount of equity finance raised, and when it was raised;
- Role of Bidder (or Bidder Group member) in raising finance;

³ In the case of a Bidder Group, each Bidder's net assets multiplied by the Bidder's share of the consortium (reflecting each Bidder Group member's proposed equity shareholding) and then summed for all Bidders in the Bidder Group. Where such obligations are guaranteed by an obligor of the Bidder/Bidder Group member, the net assets of the obligor can be used subject to note (i) above.

⁴ The rationale for the minimum 110% is to cover potential variation from the Initial Transfer Value to the Indicative Transfer Value and/or future incremental investments.

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- The form of finance raised, including the nature of the providers of the debt finance, the term of the debt and the identified sources of repayment; and
- The providers of the equity finance and relevant shares.

The examples provided are to be set out in a tabular format under the above headings. The amount of finance raised across the examples are to be totalled.

Where Bidder Group track records are cited, each such track record can be multiplied by the Bidder's share of the consortium and then summed for all Bidders in the Bidder Group.

Or

(ii) A support letter from one or more acceptable independent financial institutions (having at least an 'A' category credit rating (that is, at least any of A-, A or A+/A1, A2 or A3 or equivalent from a recognised credit rating agency) or experience of providing or arranging debt finance which is limited recourse / project finance debt of a similar size or similar complexity) stating its/their intent to provide and/or arrange debt finance to the Qualifying Project which states the level of support provided (whether for all or a proportion of the funding requirement).

Evaluation Guidance for Question 3B(a):

PASS - Bidder has provided evidence to support the **debt finance** element of their project finance solution addressing all the requirements set out in either Question 3B(a)(i) or Question 3B(a)(ii) as applicable.

For any examples provided, the completion date or financial close has occurred within the last 5 years from the date of the EPQ Submission.

No extrinsic information that undermines the financial integrity of the Bidder's response has been identified or where such information has been identified it has been clarified to the satisfaction of the Authority.

Question 3B(b) For the proposed **equity finance**, in the expected debt and equity/risk capital split, the Bidder / Bidder Group⁵ must provide evidence of its capacity/track record for its anticipated funding structure by providing the information requested in one of Question 3B(b)(i) or Question 3B(b)(ii). If the Bidder answers more than one of Question 3B(b)(i) and Question 3B(b)(ii), the first answer only (in this order) will be evaluated.

(i) A proven track record in the last five years of raising equity for a project of similar size, totalling at least 110% of its proposed equity investment, i.e. the equity funded proportion of the Initial Transfer Value, for the Qualifying Project.

Evidence of raising equity finance in the last five years must provide information as to all of the below points for each project:

- The name and type of project for which the finance was raised;
- The amount of debt finance raised, and when it was raised;
- The amount of equity finance raised, and when it was raised;
- Role of Bidder (or Bidder Group member) in raising finance;
- The form of finance raised, including the nature of the providers of the debt finance, the term of the debt and the identified sources of repayment; and
- The providers of equity finance and relevant shares.

Where Bidder Group track records are cited, each such track record can be multiplied by the Bidder's share of the consortium and then summed for all Bidders in the Bidder Group.

Or

(ii) Evidence to demonstrate net assets, and/or undrawn commitments of the relevant bidding vehicles from which they intend to fund, of at least 110% of its proposed equity/risk capital investment in the Qualifying Project, i.e. the equity funded portion of the Initial Transfer Value. Net assets should be reconciled to the latest audited accounts available as at the EPQ Submission date and adjusted for any significant changes since that balance sheet date.

⁵ In this case, each Bidder's net assets (or undrawn commitments) multiplied by the Bidder's share of the consortium and then summed for all Bidders in the Bidder Group.

Evaluation Guidance for Question 3B(b):

PASS - Bidder has provided evidence to support the **Equity Finance** element of their Project Finance solution addressing all the requirements set out in either Question 3B(b)(i) or Question 3B(b)(ii) as applicable.

No extrinsic information that undermines the financial integrity of the Bidder's response has been identified or where such information has been identified or has been clarified to the satisfaction of the Authority.

For any examples provided, the completion date or financial close has occurred within the last 5 years from the date of EPQ Submission.

In the event of credit rating lower than BBB, this will be highlighted to evaluators.

Question 3C: The Bidder (and where applicable each Bidder Group member) should provide the following:

Evaluation Guidance for Question 3C:

Note: We will consider other documents that appropriately demonstrate the Bidder's (and, where applicable, each Bidder Group member's) economic and financial standing where the Bidder (or Bidder Group member) has a valid reason for not providing what is requested.

Question 3C(i): copies of the last three years' audited statutory financial accounts (or equivalent) or for the period that is available if trading for fewer than three years. If the Bidder is formed of a Bidder Group, provide this information for each Bidder Group member and (where applicable) the ultimate parent company (or equivalent legal body) of each such entity;

Evaluation Guidance for Question 3C(i):

PASS - Bidder provided copies of the information requested in [3C](i) for each member of the Bidder Group and (where applicable) the ultimate holding company/parent entity (or equivalent legal body) of each such entity.

Question 3C(ii): a statement, as at the date of the Bidder's EPQ Submission of any contingent liability or loss (where not otherwise reported) that would require disclosure in accordance with International Accounting Standard 10, or, in the event there are none, a confirmation statement that there are no contingent liability or loss that would require disclosure in accordance with IAS 10; **and**

Evaluation Guidance for Question 3C(ii):

PASS – Clean submission with no declarations or otherwise no material declarations in light of the nature and quantum of contingent liability.

Question 3C(iii): if at the time of the EPQ Submission the Bidder's, or where relevant, any Bidder Group member's, most recent audited balance sheet is more than ten months out of date, provide:

- a statement signed by the Director responsible for financial matters setting out any known significant changes in the current financial position from the last available audited balance sheet; **and**
- where available, a copy of the Chairman's half-yearly statement.

Evaluation Guidance for Question 3C(iii):

PASS - Where applicable, the Bidder has provided the information required in Question 3C(iii).

Question 3C: Bidders should clearly set out in their response to this Question 3C, to the extent relevant or applicable, how their responses to Questions 3A and 3B are consistent with the information provided in this Question 3C. Bidder's response should include clear references to the particular sections in their financial statements or accounts or other submissions to substantiate their submissions in Questions 3A and 3B.

Evaluation Guidance for Question 3C:

PASS - Bidder provides evidence that addresses the requirements set out in Question 3C. Where appropriate, Bidder has demonstrated a clear link between financial statements and the evidence provided in response to Question 3A and Question 3B, including reconciliations between the two that identify changes since the date of submitted statements.

4. PART 3 – TECHNICAL AND PROFESSIONAL ABILITY

SECTION 4: EXPERIENCE OF ASSET TAKEOVER, MANAGEMENT AND OPERATIONS

Section 4 Evaluation Criteria

A Bidder must demonstrate it has the capability to acquire, take over and manage an infrastructure business from a third party. Bidders will be evaluated by reference to the extent to which the experience evidenced is relevant to OFTO assets and demonstrates professional capability in the areas of expertise referred to.

A Bidder must also demonstrate its capability to operate the Qualifying Project. This will be evaluated through the provision of example infrastructure projects of a similar size and/or complexity to the Qualifying Project from within the past five years. Responses may draw on relevant experience from other sectors, in which case similarities and differences in approach should be explicitly explained and expected mitigation strategies set to cope with significant differences should also be highlighted. Bidders will be evaluated on the basis of their demonstrated professional ability in respect of the management and delivery of operational requirements for such projects, including their approach to managing and mitigating risks.

Any project examples provided should be based on projects in which you have been involved within the past five years. If the Bidder is formed of a Bidder Group, the lead member of the Bidder group should complete all questions in Part 3 on behalf of the Bidder Group.

The response to section 4 must not exceed **15 pages** in total (excluding any annexes).

Scoring methodology for Section 4

Section 4 is scored on a Pass/Fail basis.

Questions and Evaluation Guidance for Section 4

Questions **4A** and **4B** require Bidders to demonstrate their business and technical capability to acquire, take over and manage the Qualifying Project.

Question 4A: Experience of Asset Takeover

Please outline your experience of the takeover of operational infrastructure assets making specific reference to relevant examples including but not limited to mergers and acquisitions, establishing new business units in the infrastructure sector, and expanding business units. Your response should cover your legal, regulatory, commercial, technical and financial experience in this context; include management control arrangements and your approach taken to stakeholder engagement during asset takeover.

Evaluation Guidance for Question 4A:

PASS: Bidder outlines it has the capability to undertake takeover of operational infrastructure assets.

The examples provided are relevant to transmission assets and demonstrate that the Bidder has the professional capability to acquire, take over and manage an infrastructure business of the size and complexity of the Qualifying Project.

Takeover experience may include information such as:

- i. Examples of previous experience of mergers and acquisitions; and/or
- ii. Track record in establishing new business units in a similar or related infrastructure sector; and/or
- iii. Experience of expanding business units in a similar or related infrastructure sector; and/or
- iv. Experience of involvement in design, construction, and/or operation and maintenance of electrical power infrastructures.

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Bidder's response covers the elements requested (i.e. legal, regulatory, commercial etc.) and largely demonstrates professional capability of the nature required for the Qualifying Project. The response also includes details of the management control arrangements and approach to stakeholder engagement during the asset takeover.

Bidder demonstrates a sufficient understanding of the key principles and considerations that apply to the takeover of operational infrastructure assets.

Question 4B: Capability in Management and Operations

Please outline your management and operational experience of infrastructure projects of a similar size and/or complexity to the Qualifying Project including, where relevant, reference to your internal policies, codes of conduct and best practice principles. In outlining your experience, please use your example projects to highlight the:

- i. approach your organisation takes to managing and operating infrastructure assets;
- ii. operational outcomes that you have required senior management within your organisation to deliver in relation to operation of the relevant project; and
- iii. approach your organisation took to ensuring best practice and compliance with internal codes of conduct and regulatory requirements of the relevant project.

At least one of the examples referenced in the answer to Question 4B should show familiarity with the operation of electricity transmission or distribution assets.

Evaluation Guidance for Question 4B:

PASS - all elements of the question have been addressed.

Bidder outlines examples of experience in management and operations of infrastructure projects of a similar size and complexity to the Qualifying Project. At least one of the examples should show familiarity with the operation of electricity transmission or distribution assets.

Experience demonstrates it has the capability in respect of the management and delivery of operational requirements for such projects, and includes viable approaches to managing and mitigating risks.

Responses may draw on relevant experience from other sectors, in which case similarities and differences in approach are explicitly explained and expected mitigation strategies set to cope with significant differences are also highlighted.

5. PART 4 – LIMITATION CRITERIA

SECTION 5: APPROACH TO ASSET TAKEOVER

Section 5 Evaluation Criteria

A Bidder must demonstrate that it has sufficiently good understanding of efficient and effective processes for taking over an offshore transmission system. The Bidder should include the principles that they would employ to ensure that asset takeover is achieved both smoothly and successfully within required timescales.

A Bidder must also set out what they regard to be the key principles and approaches for how they would go about setting up an OFTO business. This should include a summary of any key challenges that a Bidder considers it might face in establishing an OFTO business and how these would be suitably managed to ensure successful asset takeover. Where relevant, a Bidder may draw on relevant experience to highlight their understanding of the principles they would adopt in taking over the transmission assets/setting up an OFTO business.

Bidders will be evaluated on the basis of their degree of understanding of asset takeover and the viability of their approaches. The response to Section 5 should be a **maximum of 5 pages overall** and has a **total weighting of 15%**.

Scoring methodology for Section 5

Section 5 is evaluated on a scored basis. Each of the questions in this section will be scored using an evaluation scale ranging from A+ to D. An averaged minimum threshold score of 'B-' must be reached to pass this section. Please refer Section 4 of the EPQ Document for further details concerning the scoring approach in this tender process.

Questions and Evaluation Guidance for Section 5

Question 5A: Please outline the principles you would adopt and the approach you would follow (including your approach to technical due diligence) in taking over the following elements of an offshore transmission system:

- i. onshore substation
- ii. offshore substation
- iii. onshore cable
- iv. subsea cable

Evaluation Guidance for Question 5A:

- A + Grade

Principles and approach outlined for taking over the stated elements of an offshore transmission system demonstrates an excellent understanding of the nature of the business and a viable approach to the takeover of each of the four elements. Application of the principles is comprehensive and robust, and any uncertainty is considered to have no impact on deliverability.

Approach to taking over the elements is very detailed, comprehensive and clear with no material concerns.

Application of principles relating to all elements is deliverable and/or viable.

- B + Grade

Principles and approach outlined for taking over the stated elements of an offshore transmission system demonstrates a satisfactory understanding of what would be appropriate given the nature of the business and a viable approach to the takeover of each of the four elements. Any uncertainty is considered to have little impact on deliverability and/or viability.

Approach to taking over the elements is satisfactorily detailed, but raises some minor concerns.

Approach to applying certain elements is good but may lack detail.

- C + Grade

Principles and approach outlined for taking over the stated elements of an offshore transmission system demonstrate only a limited understanding of what would be appropriate given the nature of the business. There are a number of minor uncertainties, or one major uncertainty, which are/is considered to materially undermine deliverability and/or viability.

Limited detail provided on approach to taking over the elements may lack sufficient detail and significant issues or concerns with the response identified.

Limited detail provided in relation to the actual application of the approach in respect of the four elements of the system, undermining the extent to which approach can be considered deliverable and/or viable.

D Grade

Fails to demonstrate any understanding or only limited understanding of what is required to take over an offshore transmission system and viable approaches to the takeover of significant infrastructure assets generally.

Major concerns identified which are fundamental to the response which undermine the response as a whole.

Question 5B: Please outline the approach and principles you would follow when setting up an OFTO business. In particular, the in-house technical and financial expertise would you need to procure and what services you would need to subcontract.

Evaluation Guidance for Question 5B:

- A + Grade

Principles and approach to setting up an OFTO business demonstrate an excellent understanding of the OFTO business including the potential challenges and how these could be effectively managed. Excellent application of principles to the set-up of an OFTO business. Application of the principles is deemed viable. Excellent use of experience to demonstrate capability. Any issues or concerns identified with the response are considered to be very minor or immaterial.

- B + Grade

Principles and approach to setting up an OFTO business demonstrate a satisfactory understanding of the OFTO business including the potential challenges and how these could be effectively managed. Application of the principles is sufficiently detailed. Sufficient use of experience to demonstrate capability. Response raises some minor concerns in terms of viability of approach but these are considered unlikely to significantly impact upon the viability of the submission.

- C + Grade

Principles and approach outlined for setting up an OFTO business demonstrate only a limited understanding of the nature of the business. Application of the principles lacking key detail and consideration of the challenges is not generally included. No or limited use of experience to demonstrate capability. Response raises a number of minor concerns or one or more significant concerns in terms of viability of approach.

D Grade

Fails to outline a viable set of principles and approach to the set-up of an OFTO business.

Major concerns identified which are fundamental to the response, which undermine the response as a whole.

SECTION 6: APPROACH TO MANAGEMENT AND OPERATIONS

Section 6 Evaluation Criteria

A Bidder must set out its understanding and approach to operating transmission assets, including how it would deliver fit for purpose services for an OFTO project, how this might change over the full revenue term period and how the Bidder would manage such changes. A Bidder must also identify the key business and operational risks and explain how it would manage and mitigate these. Where appropriate the Bidder's response should be evidenced by experience-based management approaches, including relevant experience from other sectors that reflect a similar operational and safety critical environment as OFTO assets.

A Bidder must also set out how it would approach managing the key stakeholder interfaces which might be associated with an OFTO project, including identifying who the key stakeholders are and how any specific requirements would be managed.

Bidders are required to explain their understanding of the electricity industry regulatory framework applicable to an OFTO and set out how they would approach compliance. Bidders should provide details of their past experience in applying principles of best practice and following industry codes and regulations for infrastructure projects.

Bidders will be evaluated on the basis of their degree of understanding of operating transmission assets and the viability of their approaches. Any project examples provided should be based on projects in which the Bidder has been involved within the past five years. The response to Section 6 should not **exceed 18 pages**.

This section has a **total weighting of 50%**.

Scoring methodology for Section 6

Section 6 is evaluated on a scored basis. Each of the questions in this section will be scored using an evaluation scale ranging from A+ to D. An averaged minimum threshold score of 'B-' must be reached to pass this section. Please refer Section 4 of the EPQ Document for further details concerning the scoring approach in this tender process.

Questions and Evaluation Guidance for Section 6

Question 6A: Please explain how you would approach operating transmission assets and delivering services for an OFTO project in accordance with the required operational performance standards, supported by examples from your experience of approaching the management and operation of transmission assets and/or other infrastructure assets where applicable.

Your response should set out your approach for the full revenue period (of up to 25 years) including the process and factors you intend to take into account. In particular, you should comment on the following:

- i. Procurement of required O&M services;
- ii. Asset maintenance, repair and inspection;
- iii. Spares management and procurement;
- iv. Outage coordination and management strategy;
- v. Network resilience and restoration; and
- vi. Efficient resourcing of activities.

Evaluation Guidance for Question 6A:

- A + Grade

Bidder demonstrates excellent understanding of how it would approach operating transmission assets and delivering services for an OFTO project to the required operational performance standards e.g. SQSS, Grid code, BSEN, IEC and IET standards or guidance.

An excellent explanation containing a comprehensive level of detail provided as to how the Bidder would approach operation of transmission assets.

A comprehensive level of detail and/or explanation is given around:

- i. operation and maintenance of the assets; and
- ii. obtaining and managing the necessary resources and contracts to deliver the transmission services required for an OFTO project.

Response entirely satisfies requirements or any issues identified are considered to be immaterial. A high level of confidence is provided that a viable approach would be taken.

Excellent examples of the delivery of previous relevant projects, in this or a similar industry, are provided. The Bidder may have indicated how it would use best practice from these in respect of OFTO projects.

- B + Grade

Bidder demonstrates a satisfactory understanding of how it would approach operating transmission assets and delivering services for an OFTO project to the required operational performance standards e.g. SQSS, Grid code, BSEN, IEC and IET standards or guidance.

A good explanation containing a sufficient level of detail provided as to how the Bidder would approach operation of transmission assets.

A sufficient level of detail and/or explanation is given around:

- i. operation and maintenance of the assets; and
- ii. obtaining and managing the necessary resources and contracts to deliver the transmission services required for an OFTO project.

Response raises some issues or concerns but these are considered insignificant. A sufficient level of confidence is provided that a largely viable approach would be taken.

Good examples of the delivery of previous relevant projects, in this or a similar industry or sector, are provided.

- C + Grade

Bidder demonstrates basic understanding of how it would approach operating transmission assets and delivering services for an OFTO project to the required operational performance standards e.g. SQSS, Grid code, BSEN, IEC and IET standards or guidance.

A basic explanation containing limited detail is provided as to how the Bidder would approach operation of transmission assets.

Only basic detail and/or explanation is given around:

- i. operation and maintenance of the assets; and
- ii. obtaining and managing the necessary resources and contracts to deliver the transmission services required for an OFTO project.

Response raises significant issues or concerns with regards to its completeness and demonstration of viability.

No or few references to examples of the delivery of previous relevant experience, in this or a similar industry or sector, are provided.

D Grade

Bidder fails to demonstrate an understanding of how it would approach operating transmission assets and delivering services for an OFTO project to the required operational performance standards e.g. SQSS, Grid code, BSEN, IEC and IET standards or guidance.

Major concerns identified which are fundamental to the response, which undermine the response as a whole.

Question 6B: How you would manage and mitigate the impact of the key business and operational risks related to managing and operating an OFTO asset, supported by examples from your experience of approaching the management and operation of transmission assets and/or other infrastructure assets.

Areas to cover:

- i. Poor performance of the asset/asset condition;
- ii. Speed of response on asset failure;
- iii. Failure of supply chain member;
- iv. Events such as collision, extreme weather or fatality scenarios impacting O&M; and
- v. Resources you have/will obtain to cover these risks.

(Note: you are not required to detail here how you would approach dealing with the financial and/or commercial impact of key risks as this is addressed in Section 8 of the EPQ Questionnaire)

Evaluation Guidance for Question 6B:

- A + Grade

Bidder demonstrates excellent understanding of the key risks that would have a business and/or operational impact on managing and operating infrastructure.

Approach to managing the identified risks is comprehensive, clear and viable with no or only immaterial concerns identified.

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Excellent examples are provided of previous relevant experience of managing and mitigating key business or operational risks in this or a similar industry or sector that reflects a similar operational and safety critical environment as the OFTO assets.

- B + Grade

Bidder demonstrates a satisfactory understanding of the key risks that would have a business and/or operational impact on managing and operating infrastructure.

Approach to managing some/most of the identified risks is sufficiently detailed and viable, but raises some minor concerns

Good examples are provided of previous relevant experience of managing and mitigating key business or operational risks in this or a similar industry or sector that reflects a similar operational and safety critical environment as the OFTO assets.

- C + Grade

Bidder demonstrates basic understanding of the key risks that would have a business and/or operational impact on managing and operating infrastructure.

Approach to managing the identified risks is basic and may lack detail. Significant issues or concerns with the response identified with respect to viability.

No, few, or poor examples are provided of previous relevant experience of managing and mitigating key business or operational risks in this or a similar industry or sector that reflects a similar operational and safety critical environment as the OFTO assets.

D Grade

Bidder fails to demonstrate an understanding of the implications of the key business and operational risks in relation to managing and operating infrastructure.

Major concerns identified which are fundamental to the response, which undermine the response as a whole.

Question 6C: How you would approach managing managerial and operational interfaces with key stakeholders and third parties for an OFTO project, referring to past experiences of your contract management capability.

Evaluation Guidance for Question 6C:

- A + Grade

Bidder demonstrates excellent understanding of the managerial and operational interface management.

Proposed approach is viable and deliverable and indicates how the Bidder would successfully manage interfaces with key stakeholders and third parties. Detailed evidence of relevant past experience is provided in support.

An excellent level of detail provided on how the Bidder intends to engage with stakeholders. There are either no reservations or any that exist are considered immaterial and will not impact on the overall deliverability of the approach.

- B + Grade

Bidder demonstrates satisfactory understanding of the managerial and operational interface management.

Proposed approach is largely viable, indicating that the Bidder should be able to manage interfaces with key stakeholders and third parties without significant difficulty. Some past relevant experience has been demonstrated.

A satisfactory level of detail provided on how the Bidder intends to engage with stakeholders. Any reservations are not likely to significantly impact on the overall deliverability of the approach.

- C + Grade

Bidder demonstrates limited understanding of the managerial and operational interface management.

Proposed approach is not considered to be viable indicating that the Bidder may experience difficulties in managing interfaces with key stakeholders and third parties. Evidence in support of the Bidder's ability to achieve this is not provided.

A basic level or no detail provided on plans for how the Bidder intends to engage with stakeholders and/or a major reservation is identified with regard to a particular aspect of the response.

D Grade

Bidder fails to demonstrate an understanding of the management of managerial and operational interfaces with key stakeholders and third parties.

Major concerns identified which are fundamental to the response, which undermine the response as a whole.

Question 6D: Your understanding of the electricity industry regulatory framework applicable to an OFTO and how you would ensure compliance in operating and managing offshore transmission assets. You should refer to documents referenced under 'Relevant Guidance and Other Documents' in Section 1 of this EPQ Document in considering your response to this question.

Evaluation Guidance for Question 6D:

- A + Grade

Bidder provides excellent approach to ensuring compliance with electricity industry regulatory framework applicable to an OFTO.

Proposed approach (supported by detailed evidence) provides a high level of confidence of the Bidder's understanding of, and ability to comply with, applicable codes and the wider regulatory regime. Approach is described in detail and demonstrates a comprehensive understanding of the duties and responsibilities required.

Comprehensive cross references to the relevant code and licence requirements are provided.

- B + Grade

Bidder provides a good approach to ensuring compliance with electricity industry regulatory framework applicable to an OFTO.

Proposed approach provides a good level of confidence of the Bidder's understanding of, and ability to comply with, applicable codes and the wider regulatory regime. Approach is considered largely viable in terms of achieving compliance but is deficient of some of the supporting detail linking all aspects.

A satisfactory level of cross referencing to the appropriate code and licence requirements is provided.

- C + Grade

Bidder provides basic approach to ensuring compliance with electricity industry regulatory framework applicable to an OFTO.

Proposed approach provides limited confidence of the Bidder's understanding of, and ability to comply with, applicable codes and wider regulatory regime. Approach is provided in outline only without any supporting detail.

No or limited cross references made to the appropriate code and licence requirements.

D Grade

Bidder fails to demonstrate through its approach how it will ensure compliance with electricity industry regulatory framework applicable to an OFTO.

Major concerns identified which are fundamental to the response which undermine the response as a whole.

Question 6E: How your past experience with applying principles of best practice and following internal codes of conduct for infrastructure projects would help you ensure compliance when operating and managing a transmission system, in terms of:

- i. Applicable health and safety legislation in managing the key health and safety risks to your employees, subcontractors' employees, members of the public and with respect to the safety of the installations themselves; and
- ii. Applicable environmental and planning legislation.

Evaluation Guidance for Question 6E:

- A + Grade

Comprehensive response provided which makes reference to the relevant health and safety legislation demonstrating the Bidder's full understanding of obligations and responsibilities for infrastructure projects and how these might apply to a transmission system. This is supported by excellent examples of previous experience on similar projects.

Comprehensive HS&E control process/procedure documents, that the Bidder proposes are applicable, are identified and provided.

Excellent understanding of key health and safety risks demonstrated and a clear explanation of how these would be managed.

Excellent understanding of applicable environmental and planning legislation and comprehensive level of detail provided as to how the activities will be delivered in accordance with this legislation.

- B + Grade

A good level of detail is provided which makes reference to the relevant health and safety legislation, demonstrating the Bidder's understanding of obligations and responsibilities for infrastructure projects and how these might apply to a transmission system. This is supported by good examples of previous experience on similar projects.

Detailed HS&E control process/procedure documents, that the Bidder proposes are applicable, are identified.

Good understanding of key health and safety risks demonstrated and explanation of how these would be managed.

Good understanding of applicable environmental and planning legislation and good level of detail provided as to how the activities will be delivered in accordance with this legislation.

- C + Grade

Limited detail provided, with only headline reference made to relevant health and safety legislation and demonstrating limited understanding of the Bidder's obligations and responsibilities for infrastructure projects and how these might apply to a transmission system.

No HS&E control process/procedure documents, that the Bidder proposes are applicable, are identified.

Basic understanding of key health and safety risks demonstrated and explanation of how these would be managed.

Basic reference to applicable environmental and planning legislation and limited detail provided as to how the activities will be delivered in accordance with this legislation.

D Grade

Bidder fails to demonstrate through its approach how it will ensure compliance with health and safety as well as environmental and planning statutory requirements.

Major concerns identified which are fundamental to the response which undermine the response as a whole.

SECTION 7: FUNDING SOLUTION

Section 7 Evaluation Criteria

A Bidder must outline its approach for determining a funding solution that would be appropriate for the Qualifying Project, including why it considers the solution to be suitable for the Qualifying Project. A Bidder must also explain what alternative approaches have been considered and provide details of how it would identify and evaluate alternative financing solutions to ensure that the approach remains competitive throughout the Tender Exercise. The Bidder will be evaluated on the basis of the viability of the expected funding strategy or strategies.

The response to section 7 should not exceed **10 pages**. This section has a **total weighting of 25%**

Scoring methodology for Section 7

Section 7 is evaluated on a scored basis. Each of the questions in this section will be scored using an evaluation scale ranging from A+ to D. An averaged minimum threshold score of 'B-' must be reached to pass this section. Please refer Section 4 of the EPQ Document for further details concerning the scoring approach in this tender process.

Questions and Evaluation Guidance for Section 7

Question 7: Please explain how you would go about determining an efficient, effective and deliverable funding solution for the Qualifying Project, including:

Question 7(a):

What you currently consider to be a suitable financing structure for the Qualifying Project (including what type of finance you currently anticipate using) and what considerations and criteria you have taken into account in determining the financing solution;

Evaluation Guidance for Question 7(a):

- A + Grade

Bidder has provided an excellent description of the suitable financing structure (corporate finance, project finance, etc.) for the Qualifying Project with significant detail regarding – inter alia:

- i. Anticipated sources (commercial bank debt, public bond, private placement, cash reserves, corporate facilities etc.).
- ii. Approximate gearing levels/coverage ratios.
- iii. Other debt covenants or restrictions applicable to financing structure.
- iv. Key conditions attached to drawing corporate finance.
- v. Target credit rating requirements.
- vi. Letters of support / indicative terms for corporate finance, project finance debt and/or equity approval processes and/or timescales.
- vii. A description of any reserve accounts/facilities.

Bidder has provided a detailed explanation of considerations and criteria to be used in determining the appropriate financing solution for the Qualifying Project, including a description and explanation as to why each is appropriate.

There is a strong rationale/application of criteria for selecting this structure for the Qualifying Project, with clear evidence as to how the Bidder has reached this conclusion in the context of the Qualifying Project.

Bidder has provided a detailed explanation of their approach for engaging with financiers, including a detailed timetable against bid development plan.

- B + Grade

Bidder has provided a good description of the suitable financing structure (corporate finance, project finance, etc.) for the Qualifying Project including detail regarding – inter alia:

- i. Anticipated sources (commercial bank debt, public bond, private placement, cash reserves, corporate facilities etc.).
- ii. Approximate gearing levels/coverage ratios.
- iii. Other debt covenants or restrictions applicable to financing structure.
- iv. Key conditions attached to drawing corporate finance
- v. Target credit rating requirements.
- vi. Letters of support consistent with the preferred financing structure for a Qualifying Project.
- vii. A description of any reserve accounts/facilities.

Bidder has provided a clear outline of considerations and criteria to be used in determining the appropriate financing solution(s), including a description and explanation as to why the solution is appropriate for the Qualifying Project, however detail is lacking in some instances.

There is a good rationale/application of criteria for selecting the structure for the Qualifying Project, however the response may lack some detail.

Bidder has provided a good explanation of their approach for engaging with financiers, including a brief timetable against bid development plan although there are some elements still to be fully developed.

- C + Grade

Bidder has provided a limited description of suitable financing structure(s) which fails to provide detail on fundamental aspects of the structure or raises concerns about the viability of the proposed approach.

Bidder has provided an outline of considerations and criteria to be used in determining the appropriate financing solution for the Qualifying Project, including a description and explanation as to why the solution is appropriate, however the considerations stipulated are not considered to be particularly relevant in the context of the Qualifying Project.

There is a poor rationale/application of criteria for selecting a financing structure for the Qualifying Project.

Bidder provides limited explanation regarding their approach to engaging with financiers and/or the timetable for their plan is unsuitable.

D Grade

Bidder has not selected their preferred financing solution for the Qualifying Project.

AND

Bidder has failed to set out the considerations and criteria to be used in determining their appropriate financing solution/solutions, or has set out unsuitable / incomplete criteria.

OR

No or very poor rationale/application of criteria for choosing the selected structure(s) which causes significant concerns over the viability and deliverability of the selected approach/approaches.

OR

Bidder has not considered their approach to engaging with financiers or a suitable timetable for their plan(s).

Question 7(b): What alternative finance structure you would propose, the circumstances under which you would consider these further and why this is a suitable alternative;

Evaluation Guidance for Question 7(b):

- A + Grade

Bidder has provided a comprehensive description of at least one alternative solution for the Qualifying Project which outlines all of the details outlined in the first bullet of Question 7A(a) above.

Bidder has compared the alternative structure(s) against proposed structure and criteria identified in Question 7A(a).

Bidder has provided a clear explanation of the circumstances under which each alternative structure would be considered further.

Bidder instils confidence that they have the flexibility to implement their alternative solution(s), should the need arise. Bidder has experience closing more than one financing solution.

- B + Grade

Bidder has provided a substantive description of at least one alternative financing solution for the Qualifying Project which outlines some of the details described in the first bullet of [7A](1) above.

Bidder has compared the alternative structure(s) against proposed structure and criteria identified in Question 7A(a).

Bidder has provided a brief outline of the circumstances under which each alternative structure would be considered further.

There are some minor concerns over the Bidder's ability to implement their alternative solution(s), should the need arise.

- C + Grade

Bidder has provided a poor description of one or more alternative financing solution(s).

Bidder has compared the alternative structure(s) against proposed structure and criteria identified in Question 7A(a) but their response for each such alternative(s) lacks detail.

Bidder response lacks detail on the circumstances under which each alternative structure would be considered further.

Bidder does not demonstrate the ability to implement an alternative solution or an understanding of the issues related thereto.

D Grade

Bidder has not provided details of any alternative financing solutions that have been considered.

AND

Bidder has failed to provide detail on the circumstances under which an alternative structure would be considered further.

Question 7(c): What **external financing/OFTO specific market factors** have influenced your anticipated financing solution(s), and what further factors you would take into account when proposing a funding solution at the ITT stage;

The **approach** you would take to **due diligence** in relation to your financing solution(s);

Evaluation Guidance for Question 7(c):

- A + Grade

Bidder has provided a comprehensive list of external market factors (including OFTO performance) taken into consideration when selecting their proposed financial structure(s), including how these factors were reflected in their solution choice and how these factors will be considered during the development of ITT submissions.

Bidder has clearly considered how they will mitigate the effect of a comprehensive set of external factors, (where possible) and these mitigants are considered to be robust/viable.

- B + Grade

Bidder has provided a substantive list of some external market factors taken into consideration when selecting their proposed financial structure(s), including how these factors were reflected in their solution choice and how these factors will be considered during the development of ITT submissions, however some key external market factors have been omitted.

Bidder has considered how the effects of only some external factors, or the proposed mitigants are not considered to be robust/Bidder has outlined some potential mitigants for these external factors but their response lacks detail.

- C + Grade

Bidder has provided a basic list of some external market factors taken into consideration when selecting their proposed financial structure(s), including how these factors were reflected in their solution choice and how these factors will be considered during the development of ITT submissions, however the majority of key external market factors have been omitted.

Bidder has not considered how the effect of the external factors can be mitigated, or the proposed mitigants are not considered to be robust/viable.

D Grade

Bidder has not considered any relevant external factors when selecting their proposed financing structure(s).

AND

Bidder has not considered how the effect of the external factors can be mitigated.

Question 7(d): The **approach** you would take to **due diligence** in relation to your financing solution(s);

Evaluation Guidance for Question 7(d):

- A + Grade

Bidder has provided a comprehensive description of the full due diligence process for an OFTO project, including steps already undertaken and those to be completed and an anticipated timetable for completion of due diligence process.

Bidder has clearly considered the key inputs required to progress the due diligence process and dependencies in the due diligence process.

Bidder has engaged in discussions with third parties responsible for most due diligence areas (including consideration of plan to achieve any required credit ratings) and identified these parties where appropriate / had detailed fee & scoping discussions / appointed advisors.

Where corporate finance is used, Bidder has provided a clear and comprehensive explanation of how the financial robustness of the project will be tested, demonstrated and maintained in the absence of third party lender due diligence, with reference to the creditworthiness of the group now and in the future.

- B + Grade

Bidder has provided an outline of the due diligence process for an OFTO project, including steps already undertaken and those to be completed.

Bidder has clearly considered some of the key inputs required to progress the due diligence process and dependencies in the due diligence process, however some key inputs and dependencies have been omitted or the response lacks detail.

Bidder has engaged or demonstrates a satisfactory plan to engage in discussions with third parties responsible for key due diligence areas (e.g. technical) but discussions are relatively unprogressed. Bidder has identified potential providers for other due diligence areas (e.g. model audit).

Where corporate finance is used, Bidder has provided some explanation of how the financial robustness of the project will be tested, demonstrated and maintained in the absence of third party lender due diligence, with some reference to the creditworthiness of the group now and/or in the future.

- C + Grade

Bidder has provided a basic outline of the due diligence process for an OFTO project, however there is limited confidence that the Bidder has understood the process required.

Bidder has failed to consider the majority of the key inputs required to progress the due diligence process and dependencies in the due diligence process.

Bidder has failed to engage or demonstrate a satisfactory plan to engage in discussions with third parties responsible for due diligence.

Where corporate finance is used, Bidder has provided a poor explanation of how the financial robustness of the project will be tested, demonstrated and maintained in the absence of third party lender due diligence. Reference to the creditworthiness of the group now and in the future is not made or unclear.

D Grade

Bidder's response does not demonstrate an understanding of the due diligence process required for an OFTO project.

Where corporate finance is used, Bidder has not addressed the demonstration of financial robustness.

Question 7(e): Your understanding and sources of the **key assumptions** which affect your anticipated financing solution. Areas to cover:

- i. Indexation approach; and
- ii. Other Income Items.

Evaluation Guidance for Question 7(d):

- A + Grade

Bidder has provided a detailed outline of their understanding of the implications of the key assumptions.

The source of each assumption has been clearly identified and is supported by a strong rationale.

Bidder has clearly considered the suitability of their assumptions in light of their preferred financing solution(s).

- B + Grade

Bidder has provided an outline of their understanding of the implications of the key assumptions.

The source of some, but not all, of the assumptions has been clearly identified.

Bidder has considered the suitability of their assumptions in light of their preferred financing solution(s).

- C + Grade

Bidder demonstrates a limited understanding of the implications of the key assumptions.

The source of most assumptions is unclear.

Bidder has provided limited consideration of the suitability of their assumptions in light of their preferred financing solution(s).

D Grade

Bidder demonstrates no or incoherent understanding of the implications of the key assumptions.

The source of each assumption is unclear.

Bidder has clearly not considered the suitability of their assumptions in light of their preferred financing solution(s).

SECTION 8: FINANCIAL AND COMMERCIAL RISK MANAGEMENT

Section 8 Evaluation Criteria

A Bidder must demonstrate an understanding of the key risks that could have a financial and/or commercial implication for the operation of offshore electricity transmission assets and how it might respond appropriately to them. Bidders will be evaluated on their understanding of these risks, and set out in broad terms their approach to managing and mitigating such risks. It is important the Bidder illustrates their experience in this area with infrastructure assets they own but they do not have to be offshore transmission assets.

The response to section 8 should not exceed **6 pages**.

This section has a **total weighting of 20%**.

Scoring methodology for Section 8

Section 8 is evaluated on a scored basis. Each of the questions in this section will be scored using an evaluation scale ranging from A+ to D. An averaged minimum threshold score of 'B-' must be reached to pass this section. Please refer Section 4 of the EPQ Document for further details concerning the scoring approach in this tender process.

Questions and Evaluation Guidance for Section 8

Question 8: Please set out your understanding of the key risks in managing and operating an OFTO asset and how you will look to formulate your approach to managing and mitigating both the **financial** and **commercial** impacts of such risk.

Areas to cover:

- i) Poor performance of the asset/ asset condition;
- ii) Speed of response on asset failure;
- iii) Approach to mitigate risk (e.g. use of insurance, reserve accounts, warranties) as part of overall approach to risk mitigation; and
- iv) Resources bidder has/ will obtain to cover these risks and how they will manage any contracting relationships.

It is important you illustrate your experience in this area with infrastructure assets you manage and operate, but they do not have to be offshore transmission assets. The approach should include whether you intend to have the requisite skills in house or contracted and if not yet in the group, what you intend to obtain by the time you submit an ITT bid.

Evaluation Guidance for Question 8:

- A + Grade

Bidder demonstrates excellent understanding of the key risks that would have a financial and commercial impact to electricity transmission assets.

Approach to managing key risks is detailed, clear and coherent.

Approach to use of e.g. insurance, reserve accounts, warranties, as part of an overall approach to managing risk is considered excellent. Any concerns identified are considered to be immaterial.

Relevant skills to manage these risks in the Bidder group/ supply chain demonstrated already as existing.

Excellent examples of relevant experience from the Bidder's own experience to demonstrate an excellent understanding of these types of risks.

- B + Grade

Bidder demonstrates good understanding of the key risks that would have a financial and commercial impact to electricity transmission assets.

Approach to managing key risks is considered to be largely deliverable but may have some gaps. Any material gaps are covered off by the bidder setting out an approach on how these issues would be tackled by the time the Bidder submits its ITT bid.

Approach to use of e.g. insurance, reserve accounts, warranties, as part of overall approach to risk is considered good with some minor concerns but these are considered unlikely to materially impact upon the likely approach to deliverability. Clear approach to how the bidder will look to obtain satisfactory skills to manage these risks by the time the Bidder submits its ITT bid.

Good examples of relevant experience from the Bidders' own experience provided to demonstrate a good understanding of these types of risk.

- C + Grade

Bidder demonstrates basic understanding of the key risks that would have a financial and commercial impact to electricity transmission assets.

Approach to managing key risks may be deliverable in parts but significant issues or concerns with the overall approach response identified.

Limited detail provided in relation to the use of e.g. insurance, reserve accounts, warranties and/or significant concerns how it fits with their suggested overall approach. Limited detail on their relevant expertise or how it will be acquired by the time the Bidder submits its ITT bid.

Few or poor relevant examples of the Bidder's experience provided to demonstrate a basic understanding of the risks.

D Grade

Bidder demonstrates no or incoherent understanding of the implications of the key financial and commercial risks in relation to electricity transmission assets.

Major concerns identified with the overall approach proposed to managing the commercial and /or financial impact of the risks outlined, nor has a plan been proposed for how to obtain the expertise needed to do so.

The response suggests the Bidder has a limited understanding of the risks specific to transmission assets that undermines the response as a whole.

6. PART 5 - OTHER

Section 9 – Draft Transfer Agreement Comments

Section 9 of the EPQ Questionnaire invites Bidders to provide comments on the draft Transfer Agreement for the Qualifying Project. This is not evaluated, it is optional.

Section 10 – EPQ Certificate

Section 10 of the EPQ Questionnaire, the EPQ Certificate, must be signed by a duly authorised officer of the Bidder or, if a Bidder is formed of a Bidder Group, each member of the Bidder Group to meet the compliance assessment. A Bidder or Bidder Group who does not do so will have its EPQ Submission rejected and it will not be considered further.

Section 11 - Confidentiality

Section 11 of the EPQ Questionnaire invites Bidders to identify confidential information in their EPQ Submissions for the purposes of Freedom of Information requests. This is not evaluated, it is optional. This is requested for information only.