Document type: Qualification to Tender Document

Overview:

The regulatory regime for offshore electricity transmission enables the Authority to grant Offshore Transmission Licences on the basis of a competitive Tender Exercise. Ofgem E-Serve is responsible for managing this process.

A Tender Exercise is run over a number of stages, the second of which is the QTT Stage, where Qualifying Bidders are invited to set out their proposals for financing, operating and managing offshore Transmission Assets (referred to as Qualifying Projects). These proposals are evaluated by Ofgem against a set of published criteria. This Qualification to Tender Document sets out the requirements Qualifying Bidders need to demonstrate in this regard. The outcome of Ofgem’s evaluation is the identification of a shortlist of Qualifying Bidders in respect of each Qualifying Project to be invited to participate in the ITT Stage.

Offshore Electricity Transmission:

Qualification to Tender Document for the Second Transitional Tender Round (Tranche A Tender Exercises)



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Context

Electricity generated from offshore renewable sources is expected to make an important contribution towards the UK achieving its renewable energy targets by 2020. Fit for purpose offshore electricity transmission infrastructure is required to transfer the electricity generated offshore to the onshore network and ultimately to consumers. It is important that this infrastructure is developed in a timely, secure and cost-effective manner. It should also provide best value to present and future electricity consumers, while reflecting the requirements of generators and ensuring that, as far as possible, offshore infrastructure develops in a co-ordinated manner.

The Department for Energy and Climate Change (DECC[[1]](#footnote-1)) and Ofgem[[2]](#footnote-2) have developed a regulatory regime for offshore electricity transmission. It was consulted on extensively and refined over four years, culminating in a final statement published in June 2009[[3]](#footnote-3).

A key part of the regime is that Offshore Transmission Licences can be granted following a competitive Tender Exercise run by Ofgem, with the Successful Bidder becoming the OFTO. The result will be that the generating assets (offshore wind farms) will be owned and operated by the generator, whilst the Offshore Transmission System, which connects the offshore wind farms to the onshore transmission system, will be owned and managed by the OFTO Licensee. The Offshore Transmission Licences will place certain rights and responsibilities on OFTOs, including the right to a regulated revenue stream for a period of 20 years in return for the provision of Transmission Services.

Tenders in the second transitional Tender Round are being conducted across two sets of Tender Exercises. The first tranche of Tender Exercises (Tranche A) commenced on 17 November 2010, and a longlist of Qualifying Bidders was announced on 26 January 2011 following completion of the PQ Stage. The second tranche of Tender Exercises (Tranche B) are expected to commence in spring 2012.

The Tranche A Tender Exercises are being run over a number of stages, the second of which is the QTT Stage. The purpose of the QTT Stage is to identify a shortlist of Qualifying Bidders in respect of each set of offshore Transmission Assets (referred to as Qualifying Projects) to proceed to the ITT Stage. The QTT Stage is designed to enable longlisted Qualifying Bidders to submit details of their proposed approach on a per Qualifying Project basis, for evaluation by Ofgem against a number of criteria. Successful Qualifying Bidders in respect of each Qualifying Project will be invited to participate in the ITT Stage for that Qualifying Project.

1. Overview of the QTT Stage

**Section Summary**

This section provides Qualifying Bidders with an overview of the process Ofgem will follow during the QTT Stage for Tranche A Tender Exercises in the second transitional Tender Round.

# Legal Framework

* 1. The [Tender Regulations](http://www.opsi.gov.uk/si/si2010/uksi_20101903_en_1) provide the legal framework for these competitive Tender Exercises. These came into effect on 29 July 2010.
  2. In accordance with the Tender Regulations, Ofgem has published [Tender Rules](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=7&refer=Networks/offtrans/rttt)[[4]](#footnote-4) in order to inform Qualifying Bidders about how Ofgem will run the second transitional Tender Round and to set out the requirements, expectations and obligations on parties involved. Chapters 2 to 4 of the Tender Rules also set out general rules that apply to this stage.

## QTT Document

* 1. The purpose of the QTT Stage is to identify a suitable shortlist of Qualifying Bidders in respect of each Qualifying Project to proceed to the ITT Stage. This QTT Document sets out the requirements which Qualifying Bidders must demonstrate to Ofgem’s satisfaction for Tranche A Tender Exercises in the second transitional Tender Round in order to progress to the ITT Stage.
  2. This document sets out:
* the rules particular to the QTT Stage;
* the timeline for the stage, including an overview of the key activities and steps;
* information available to Qualifying Bidders to compile their QTT Submissions;
* the instructions that apply to the QTT Questionnaire, and the date, time and manner in which a completed QTT Questionnaire should be submitted to Ofgem;
* the QTT Questionnaire; and
* the criteria against which Ofgem will evaluate QTT Submissions.
  1. For the avoidance of doubt, this QTT Document applies to the Qualifying Projects in Tranche A of the second transitional Tender Round only.
  2. The QTT Document relates to the second stage of a Tender Exercise, ie the QTT Stage. Further detail on a Tender Exercise, including subsequent stages, can be found in the Tender Rules.
  3. This QTT Document does not amend anything in the Tender Rules.

## Right to Vary a Tender Exercise

* 1. Subject to the provisions of the Tender Regulations, Ofgem reserves the right to vary any element of a Tender Exercise, issue supplementary documentation or make additional arrangements at any time during a Tender Exercise in order to clarify any issue or amend any aspect of the Tender Exercise. Any such variation shall only take effect so as to actually vary the Tender Exercise if subsequently confirmed in writing. This includes where Ofgem determines that it is impracticable to complete any action, or to deliver or publish any document or notice, by the time, date or in the manner specified within the Tender Regulations.
  2. Any such supplementary documentation issued by Ofgem during a Tender Exercise will be deemed to form part of this QTT Document to the extent indicated in the amendment. Ofgem may decide to extend a Tender Exercise and postpone any QTT Submission deadline in the event of any such amendment.

## Costs

* 1. Qualifying Bidders are not required to make any payments to Ofgem at the QTT Stage.
  2. Ofgem is under no obligation and shall not accept any liability for any costs, expenses, damages or losses incurred by any Qualifying Bidder, including without limitation any unsuccessful Qualifying Bidder, in connection with a Tender Exercise.

## Miscellaneous

* 1. Ofgem is not bound to accept any QTT Submission made by a Qualifying Bidder. If a Qualifying Bidder withdraws or is disqualified from one or more Tender Exercises or Ofgem cancels a Tender Exercise (in each case in accordance with the Tender Regulations), Ofgem shall not incur any liability for any losses whatsoever (whether in contract, tort or otherwise and including direct, indirect and consequential losses) towards any Qualifying Bidder or any of their Related Parties.

# Timetable

* 1. The Tender Rules set out the overall indicative timetable for the second transitional Tender Round. The detailed timetable for the QTT Stage of Tranche A Tender Exercises is set out below:

|  |  |
| --- | --- |
| **Milestone** | **Date** |
| QTT Document and Confidentiality Agreements published | 26 January 2011 |
| Qualifying Bidders return signed Confidentiality Agreement(s) | From 26 January 2011 |
| Information Memoranda and Project Transfer Agreements made available to Qualifying Bidders | Following return of signed Confidentiality Agreement(s) |
| Deadline for Qualifying Bidder clarifications to Ofgem | 11 February 2011 |
| QTT Submissions due | 28 February 2011 (noon) |
| Evaluation of QTT Submissions (including Ofgem clarifications to Qualifying Bidders) | 1 March 2011 to 29 March 2011 |
| Qualifying Bidders notified of outcomes and Qualifying Bidder shortlist for each Qualifying Project published | 8 April 2011 |

* 1. Ofgem reserves the right to vary this timetable at its discretion. Any such variation will be communicated via the Portal. Further information on the Portal can be found in the Tender Rules.

# Confidentiality Agreement

* 1. Ofgem will publish (via the Portal) a Confidentiality Agreement in respect of each Qualifying Project, along with instructions that apply to that document, including the date, time and manner in which the Confidentiality Agreement should be returned to Ofgem by a Qualifying Bidder. The Confidentiality Agreement will already have been signed by the relevant Developer (as a Tender Entry condition) and should not be amended.
  2. Each Qualifying Bidder must return a signed Confidentiality Agreement to Ofgem in respect of each Qualifying Project for which it is bidding. Return of the Confidentiality Agreement will enable Ofgem to release the relevant Information Memorandum (IM) and draft Project Transfer Agreement (both referred to below) to the Qualifying Bidder to assist completion of their QTT Submission.
  3. A QTT Submission in respect of any particular Qualifying Project will be deemed to be non-compliant if the Qualifying Bidder has not returned a signed Confidentiality Agreement in relation to that Qualifying Project.

# Information Memoranda on Qualifying Projects

* 1. Each IM document contains detailed information in relation to a Qualifying Project. Each Qualifying Bidder that has returned a signed Confidentiality Agreement will be granted access (on the Portal) to the IM prepared in respect of each of the relevant Qualifying Project(s).
  2. The table below sets out key information, taken from each IM, on Qualifying Projects for Tranche A Tender Exercises in the second transitional Tender Round:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Project** | **Developer** | **Size (MW)** | **Initial Transfer Value** | **Estimated Transfer Date** |
| Gwynt y Môr | RWE / Siemens / Stadtwerke Munchen | 576 | £305.7m | April 2013 |
| Lincs | Centrica / DONG / Siemens | 250 | £310.5m | January 2012 |
| London Array (Phase 1) | E.On / DONG / Masdar | 630 | £475.7m | August 2012**[[5]](#footnote-5)** |
| **Total** | | **1456** | **£1,091.9m** |  |

* 1. The Initial Transfer Value is based on information provided by Developers. Ofgem expects to determine the Indicative Transfer Value before the ITT Stage of a Tender Exercise.
  2. Qualifying Bidders should use the Initial Transfer Value detailed above for the purposes of making their QTT Submission. Ofgem expects to publish the Indicative Transfer Value for each Qualifying Project during the ITT Stage.

# Draft Project Transfer Agreements

* 1. Under the Tender Regulations, the Developer must fill in a Transfer Agreement, as far as possible, with all relevant information available to it, for their Qualifying Project. Ofgem have previously stated[[6]](#footnote-6) the intention to share Developers’ draft Project Transfer Agreements with Qualifying bidders at the QTT Stage to inform their QTT Submissions, provided that Ofgem were satisfied they were sufficiently advanced.
  2. Developers have provided draft Project Transfer Agreements. Ofgem are satisfied that the agreements are sufficiently advanced so that they can now be shared with Qualifying Bidders (via the Portal). Before Ofgem can share these, Qualifying Bidders must return the signed Confidentiality Agreements for the relevant Qualifying Projects.
  3. In addition to filling in the Transfer Agreement, Developers were also required to undertake to continue filling in the Transfer Agreement with all relevant information. Qualifying Bidders should therefore be aware that the relevant draft Project Transfer Agreements released at the QTT Stage are subject to further development by Developers. The Tender Rules set out further information on the development of the Transfer Agreements after the QTT Stage.

# Other Documents

* 1. The non-exhaustive list of documents below provides additional information Ofgem would expect Qualifying Bidders to be aware of. Many of these documents also include references to other useful documentation not listed below:
* [Joint DECC/Ofgem Statement on the Offshore Transmission Regulatory Regime, June 2009](http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Main.pdf)[[7]](#footnote-7)
* [Final Statement on the Competitive Tender Process, June 2009, Ofgem ref: 71/09](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=85&refer=Networks/offtrans/pdc/cdr/cons2009)[[8]](#footnote-8)
* [Transmission Licence Standard Conditions](http://epr.ofgem.gov.uk/)[[9]](#footnote-9)
* [Draft Generic Offshore Transmission Owner Licence (version 0.7), October 2010](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=52&refer=Networks/offtrans/pdc/cdr/Cons2010)[[10]](#footnote-10)
* [Offshore Transmission Tender Guidance Note: Generic Offshore Transmission Owner (OFTO) Licence, September 2010](http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/Cons2010/Documents1/Guidance%20Note%20Generic%20OFTO%20licence.pdf)[[11]](#footnote-11)
* [Guidance on the Offshore Transmission Owner (OFTO) of Last Resort Mechanism, February 2010](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=24&refer=Networks/offtrans/rott)[[12]](#footnote-12)
* [Transfer Agreement Guidance for Second Transitional Tender Round, November 2010](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=13&refer=Networks/offtrans/rttt)[[13]](#footnote-13)
* [Arrangements for responding in the event that an energy network company experiences deteriorating financial health, October 2009](http://www.ofgem.gov.uk/Networks/Policy/Documents1/GUIDANCE%20DOC%20(DECISION%20DOC)%20-%20FINAL.pdf)[[14]](#footnote-14)
* Crown Estate guidance on insurance requirements (this will be released to Qualifying Bidders via the Portal)
* Guidance on the process to asset transfer for the second transitional Tender Round (this will be released to Qualifying Bidders via the Portal).
  1. Qualifying Bidders should also be familiar with the standard industry framework documents that underpin the Great Britain transmission market, for example the industry codes[[15]](#footnote-15) and technical standards.
  2. Ofgem may publish additional information during the QTT Stage. Any such information will be made available to Qualifying Bidders via the Portal.

# Third Package

* 1. The third package of European legislation on the liberalisation of EU gas and electricity markets (the Third Package) came into force on 3 September 2009. Transposition of the Third Package into domestic law is the responsibility of the Secretary of State for the Department of Energy and Climate Change (DECC), with implementation required by 3 March 2011. One of the areas covered by the Third Package is the ownership unbundling of electricity transmission undertakings from electricity generation, electricity supply, gas production and gas supply undertakings (set out in Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 (the Electricity Directive)). At the time of publication of this document, DECC’s latest position in relation to Third Package implementation in Great Britain is set out in ‘[Implementation of the EU Third Internal Energy Package – Government Response](http://www.decc.gov.uk/en/content/cms/consultations/resp_3rd_pack/resp_3rd_pack.aspx)’[[16]](#footnote-16) dated 14 January 2011. However, Qualifying Bidders are strongly advised to make themselves aware of ongoing developments in this area.
  2. All Qualifying Bidders should make themselves aware of the relevant provisions of the Third Package and are strongly advised to consider the requirements of the Third Package as necessary. In addition to the requirements for ownership unbundling, Qualifying Bidders should make themselves aware of any other Third Package obligations that will need to be satisfied by offshore electricity transmission owners. Ofgem is not able to advise Qualifying Bidders as to the provisions of the Third Package and strongly recommends that Qualifying Bidders seek appropriate independent legal advice in this respect.

1. Instructions to Qualifying Bidders

Section Summary

This section sets out the instructions to Qualifying Bidders in respect of the QTT Stage, including the QTT Questionnaire, QTT Submissions and the clarification process.

# QTT Questionnaire

* 1. The QTT Questionnaire, which is included in Chapter 3, has been produced to enable Ofgem to evaluate each Qualifying Bidder’s approach in a number of areas, including financing, operating and managing Qualifying Project(s).

## Bidder Groups

* 1. Questions in the QTT Questionnaire which are required to be completed by the Qualifying Bidder should be answered by, in the case of a Qualifying Bidder which is a single entity, that entity, and in the case of a Qualifying Bidder which is part of a Bidder Group, the lead member of that Bidder Group.

# QTT Submissions

## QTT Submission Deadline

* 1. All QTT Submissions must be submitted via the Portal **no later than 12 noon on 28 February 2011**. The Portal will be closed at this time and no late QTT Submissions will be accepted. All QTT Submissions must be made in the templates provided on the Portal. Ofgem will not accept QTT Submissions in any other form.
  2. Qualifying Bidders must return a separate completed QTT Questionnaire for each Qualifying Project for which they wish to be considered.
  3. The QTT Submission must be completed in English, including any supplementary supporting documentation.
  4. Rules on submissions via the Portal can be found in the Tender Rules.

## Content of QTT Submissions

* 1. A compliant QTT Submission must contain the following:
* responses to all requirements set out in the QTT Questionnaire, together with relevant supporting documentation. Responses must be provided in the templates provided on the Portal; and
* if applicable, a resubmitted PQ Questionnaire, together with required supporting documentation – see ‘Changes arising since PQ Submission’ below.
  1. As detailed within paragraph 1.17, a QTT Submission in respect of any particular Qualifying Project will also be deemed to be non-compliant if the Qualifying Bidder has not returned a signed Confidentiality Agreement in relation to that Qualifying Project.
  2. Where page limits are indicated in the requirements for response, these refer to A4 size pages. Any such page limits must be adhered to. Ofgem reserves the right to ignore any additional information submitted in excess of these limits.
  3. Where a Qualifying Bidder is submitting supplementary documentation in support of any response to the QTT Questionnaire, this should be clearly referenced in the text of the QTT Submission. Where a Qualifying Bidder is bidding for all Qualifying Projects and is submitting supplementary supporting documentation that is common across all these Qualifying Projects, this documentation needs only to be uploaded to the Portal once. If providing documentation in this way, Qualifying Bidders are required to ensure that the location of the supplementary documentation is clearly cross-referenced within the text of each of the sections of the QTT Submissions to which it is relevant.
  4. Ofgem reserves the right to amend these requirements during the QTT Stage prior to the QTT Submission deadline.
  5. Qualifying Bidders should note that if, after their QTT Submission has been submitted and prior to the publication of the Qualifying Bidder shortlist:
  + there is a material change or proposed material change in the information provided in their QTT Submission, or
  + a Qualifying Bidder becomes aware that information previously submitted is no longer true or accurate

they are obliged to notify Ofgem as soon as reasonably practicable. Where a Qualifying Bidder notifies Ofgem of such, Ofgem will be entitled to re-evaluate the QTT Submission in light of the change.

## Changes arising since PQ Submission

* 1. Where any information relating to its PQ Submission has changed, the Qualifying Bidder must provide updated responses to the relevant question(s) in the PQ Questionnaire as part of its QTT Submission. This includes where there have been changes to:
* Bidder Group configuration and/or membership
* Qualifying Project appetite
* The Qualifying Bidder’s advisers
* Any other changes to the Qualifying Bidder’s circumstances
  1. Updated responses should be provided as a mark-up to the Qualifying Bidder’s original PQ Submission. Access to the PQ Questionnaire will be provided via the Portal.

## Changes in Qualifying Project Appetite

* 1. A Qualifying Bidder may at the QTT Stage alter the Qualifying Project(s) for which it wishes to be considered from those it expressed a preference for at the PQ Stage, provided it can demonstrate that it still meets the evaluation criteria set out in the PQ Document.

## Changes to a Bidder Group

* 1. Where a Bidder Group seeks to change its membership between the PQ and QTT stages, Ofgem will reassess whether the revised Bidder Group meets the criteria set out in the PQ Document as part of its QTT Submission. Ofgem will permit that change provided that the new membership meets the selection criteria set out in the PQ Document.
  2. Ofgem expects the membership of, and the respective interests in, a Bidder Group to be finalised when they make their QTT Submissions.

# Draft Project Transfer Agreements

* 1. The QTT Questionnaire includes a section on transfer of assets under the draft Project Transfer Agreements (see Section 9). Qualifying Bidders are required to respond to Section 9 in accordance with the instructions given.
  2. Ofgem will consider whether to make Qualifying Bidders’ responses to Section 9 available to the relevant Developer(s) on an anonymous and confidential basis to enable the Developer to consider the response as part of the ongoing development of their Project Transfer Agreement.
  3. Qualifying Bidders should note:
  + Ofgem are not requiring Qualifying Bidders to provide mark-ups of the draft Project Transfer Agreements; and
  + in releasing drafts of the Project Transfer Agreement to Qualifying Bidders at the QTT Stage, Ofgem does not endorse the draft Project Transfer Agreement nor the positions taken by Developers expressed in them, or constrain its discretion as to the terms on which it might make a property transfer scheme under Schedule 2A to the Electricity Act in a particular case.

## Commentary tables

* 1. Qualifying Bidders are also required to provide their comments on the draft Project Transfer Agreement for the relevant Qualifying Project by way of a commentary table, to a maximum of **ten pages** using the form of template provided at Appendix 1, indicating whether the issues are:
  + **High:** Significant commercial/legal impact which the Qualifying Bidder expects would materially affect the Tender Revenue Stream they would bid at the ITT Stage or could materially affect the fundability of the transfer;
  + **Medium:** Commercial/legal impact which could affect the Tender Revenue Stream the Qualifying Bidder would bid at the ITT Stage, but not in a material way; or
  + **Low:** Amendments which the Qualifying Bidder expects would neither affect the Tender Revenue Stream they would bid at the ITT Stage, nor have a significant commercial impact, but which would make the transaction more desirable from the Qualifying Bidder’s perspective.
  1. As part of the commentary table, where an issue is identified as of high or medium significance, the Qualifying Bidder is required to explain the nature of these issues and the potential impact on the Tender Revenue Stream the Qualifying Bidder would bid at the ITT Stage.
  2. The commentary tables provided by Qualifying Bidders will not be evaluated by Ofgem and are for **information only**. Ofgem will only be evaluating responses to Section 9 of the QTT Questionnaire. However, following consideration by Ofgem, Ofgem will provide the commentary tables to the relevant Developer on an anonymous basis to enable the Developer to consider the comments as part of the ongoing development of their Project Transfer Agreement. Qualifying Bidders are reminded that the final Project Transfer Agreements will be made available at the ITT Stage.
  3. In order to provide sufficient time for the comments from Qualifying Bidders to be considered by the relevant Developer ahead of the ITT Stage, Qualifying Bidders are required to submit this commentary table to Ofgem by **12 noon on 28 February 2011**.

## Form of commentary tables

* 1. Qualifying Bidders must:
  2. prepare the commentary table using the form provided in Appendix 1; and
  3. provide the commentary table in MS Word format.
  4. The commentary table must be provided on an anonymous basis and not contain any information (including in footnotes) which could identify or allow ready identification of the Qualifying Bidder or any member of the Bidder Group (if relevant).
  5. Comments which are issues for Ofgem to address, including issues in relation to the Tender Exercise, Offshore Transmission Licence or regulatory regime, should be raised as clarifications in accordance with the procedure set out in the section below.
  6. Qualifying Bidders should be aware that failure to comply with instructions regarding the production of commentary tables may result in their comments not being passed to the Developer.

# Clarifications

* 1. Ofgem's general approach to dealing with clarifications is set out in the Tender Rules. The following sections set out Ofgem's approach to clarifications at the QTT Stage.

## Qualifying Bidder Clarifications

* 1. Qualifying Bidders may seek clarifications from Ofgem in relation to any aspect of this QTT Document or the information provided in the IMs. All such clarifications must be made by no later than 11 February 2011. Any clarification requests submitted after this point cannot be assured of receiving a response prior to the QTT Submission deadline.
  2. Ofgem will endeavour to provide a response as soon as reasonably possible, although the timeframe within which it will respond will vary on a case-by-case basis depending on the nature of the clarification requested.
  3. Ofgem may, where appropriate, forward a Qualifying Bidder’s clarification request to the relevant Developer or to another third party (for example NGET) as appropriate. Where it does so, the identity of the Qualifying Bidder that raised the clarification will remain confidential. In such an instance Ofgem will act as the intermediary in any clarification request, ie the details of the clarification and the response to it will be managed and provided by Ofgem.
  4. Ofgem's default position is, for reasons of transparency and fairness, to make responses to Qualifying Bidder clarifications available on the Portal to all Qualifying Bidders. Where Ofgem considers that a Qualifying Bidder's clarification is sufficiently specific and confidential, Ofgem may at its discretion opt to provide its response solely to that Qualifying Bidder.

## Ofgem Clarifications

* 1. In addition, Ofgem may issue a clarification request to a Qualifying Bidder during the evaluation of QTT Submissions, for example where a response is unclear. Qualifying Bidders must respond to clarification requests issued by Ofgem within the period specified. Failure by a Qualifying Bidder to respond to a clarification request within the period specified risks the issue under clarification or the clarification response submitted late not being considered as part of Ofgem’s evaluation of their QTT Submission.

1. QTT Questionnaire

**Section Summary**

This section sets out the content of the QTT Questionnaire.

* 1. The QTT Questionnaire sets out the information that Qualifying Bidders are required to return in their QTT Submission(s).
  2. All questions are numbered. Qualifying Bidders should provide responses to these questions in the corresponding numbered response template on the Portal.
  3. The QTT Questionnaire is structured into the following sections:

|  |  |
| --- | --- |
| Section 1 | Confirmation of PQ Submission |
| Section 2 | Relevant Qualifying Project |
| Section 3 | Project IRR and Tender Revenue Stream |
| Section 4 | Financing Strategy |
| Section 5 | Financial and Commercial Risk Management |
| Section 6 | Shareholding/Bidder Group Structure |
| Section 7 | Proposed Takeover Plan |
| Section 8 | Management and Operational Capability Statement |
| Section 9 | Transfer Agreement |
| Section 10 | QTT Certificate |
| Section 11 | Confidentiality |

* 1. Qualifying Bidders are required to tailor their responses to the specific characteristics of the relevant Qualifying Project, based on the information available. Ofgem recognises however that in some instances, responses to certain questions may be the same, and not dependent on a particular Qualifying Project. Where a Qualifying Bidder is bidding for more than one Qualifying Project and the response to a particular question(s) is the same across Qualifying Projects, the Qualifying Bidder is requested to indicate this in the respective field on the response template.
  2. References throughout the QTT Questionnaire to the ‘relevant Qualifying Project’ are to the Qualifying Project nominated in response to Section 2 of the QTT Questionnaire. References throughout the QTT Questionnaire to ‘you’ and ‘your’ are to the Qualifying Bidder.
  3. The expectation is that in providing responses to the QTT Questionnaire, Qualifying Bidders will focus their answers on proposed approaches, using citations of relevant experience only to substantiate/evidence the viability or robustness of the proposed approach. Qualifying Bidders should not provide responses that solely comprise citations.
  4. The requirements for Sections 1 to 11 of the QTT Questionnaire are set out below.
  5. In addition to providing information in response to the question(s) within each section, Qualifying Bidders are required to sign and return the QTT Certificate (included in Section 10) as part of their QTT Submission.

# Section 1: Confirmation of PQ Submission

|  |  |
| --- | --- |
| **[1A]** Name of Qualifying Bidder or Bidder Group: |  |

|  |  |
| --- | --- |
| **[1B]** Please confirm whether the information provided in your PQ Submission has changed: | |
| Yes | No |

|  |
| --- |
| **[1C]** To the extent where any information has changed, please provide updated responses to the relevant question(s) in the PQ Questionnaire. Updated responses should be provided as a mark-up to the Qualifying Bidder’s original PQ Submission.  Please also provide below an overview of the information that has changed. |
|  |

# Section 2: Relevant Qualifying Project

|  |
| --- |
| **[2A]** Please state which Qualifying Project this QTT Submission relates to: |
|  |

# Section 3: Project IRR and Tender Revenue Stream

***Note that responses in relation to this section must be submitted in the template provided by Ofgem, as set out within Appendix 2.***

*The statements made in response to Section 3 are not required to be a binding commitment for the ITT Stage. However, it should be noted that Ofgem is currently minded to treat [3A], the Project IRR proposed at the QTT Stage, as a cap. Ofgem reserve the right to exclude you if the implied Project IRR you submit at the ITT Stage is above that proposed at the QTT Stage.*

|  |
| --- |
| **[3A]** Please provide the desired Project IRR (to two decimal places) for the relevant Qualifying Project.  Project IRR means the internal, post-tax, real forecast project cash flow rate of return. |

|  |
| --- |
| **[3B]** Using the Project IRR stated in your response to [3A], provide an indicative annual Tender Revenue Stream.  This must assume a constant revenue stream in real terms as at the Estimated Transfer Date (as detailed in paragraph 1.19) and should be based upon the Default Availability Standard and assuming no deductions. It should be based upon a 20 year term and utilise the Initial Transfer Value for the relevant Qualifying Project (as detailed in paragraph 1.19). |

|  |
| --- |
| **[3C]** Identify the specific assumptions used in deriving the indicative annual Tender Revenue Stream. This must also include a brief statement explaining the underlying thinking behind each such assumption.  Assumptions may be based on any information provided at the QTT Stage including, but not limited to, the Information Memorandum, the Project Transfer Agreement, draft Amended Standard Conditions applicable to OFTOs and documents referenced within the ‘Other Documents’ section (paragraph 1.25). It is acknowledged that this may not provide any relevant information for certain cost items. Where you feel that you do not have sufficient information in order to price any element, you should develop an assumption based on your experience of similar projects and outline the basis of those assumptions.  The assumptions, expressed in both real terms and as a percentage of total Tender Revenue Stream, must include:   1. operating and maintenance costs; 2. insurance; 3. decommissioning costs; 4. operational performance security package for the last five years of the project (in accordance with part B of Amended Standard Condition E12-J4 of the Offshore Transmission Licence); 5. corporation tax, VAT and stamp duty land tax (SDLT); 6. Special Purpose Vehicle (SPV) and/or management costs; 7. bid cost recoveries and/or development fees; 8. other income items, including any potential unregulated revenue and terminal values (to be expressed as a ‘negative cost’); 9. cost of Equity Finance, Corporate Finance and Debt Finance service costs including all interest payments and fees (to reflect the Financing Strategy set out in your response to Section 4); and 10. any other relevant foreseen costs. |

# Section 4: Financing Strategy

*Set out your proposed financing strategy in support of your Project IRR and Tender Revenue Stream (as provided in Section 3). This financing strategy must reflect the proposed management and operational approach in respect of the relevant Qualifying Project.*

*The response to this section should be a* ***maximum of six pages*** *overall (excluding any annexes).*

***All Qualifying Bidders must answer the questions in [4,Part 1]***

|  |
| --- |
| **[4,Part 1] General** |
| **[4,Part 1,A]** Please provide details of the proposed funding structure and approach, including:   1. how funding will be sourced (including quantum and sources for each of Equity, Debt, and/or Corporate Finance); 2. likely organisations to be targeted for each of Equity, Debt, and/or Corporate Finance, and the reasons for their selection; and 3. an outline of your proposed due diligence plan, including a timetable and a list of due diligence items you expect to review at the ITT Stage.   **[4,Part 1,B]** Please detail:   1. the extent of discussions, support, and approvals achieved for financing proposals including Equity, Debt, or Corporate Finance. You should include letters of support from parent company/group, and/or funders; and 2. support and approvals that are still required from parent company/group and/or funders for financing proposals including, where applicable, from any providers of Equity, Debt or Corporate Finance.   **[4,Part 1,C]** Please provide an outline of your proposals, as appropriate, in relation to interest rate and/or inflation rate hedging arrangements following asset transfer. |
|  |

***Depending on your finance structure, you must answer [4,Part 2] and/or [4,Part 3] as appropriate***

|  |
| --- |
| **[4,Part 2] Debt Finance** |
| Where Debt Finance is proposed, please set out the indicative financing structure, including details and assumptions for the following:   1. the preferred nature of the funding plus any alternative proposals; 2. margins; 3. fees (including any pre-payment terms where applicable); 4. gearing limitations; 5. term of debt; 6. appropriate cover ratios and calculation method; and 7. any likely reserving requirements. |

|  |
| --- |
| **[4,Part 3] Equity and Corporate Finance** |
| **[4,Part 3,A]** Where Equity Finance, Corporate Finance or other sources of finance are proposed, please provide indicative terms, including, where applicable:   1. the cost of such finance; 2. details of arrangement and other fees; and 3. availability and any associated constraints.   **[4,Part 3,B]** Where Equity Finance or other sources of finance are to be provided through a fund, please provide the following details:   * the current status of the fund, including the ability of the fund to invest the required equity from existing committed investable capital   *or, where the equity capital is yet to be raised:*   * the status of the fund raising and expected timing. * **[4,Part 3,C]** Where Corporate Finance is to be used, please provide the proposed breakdown between pinpoint equity and other financial instruments such as shareholder loans. Please include details of your ability to fund from current corporate cash reserves, or where corporate capital (equity or debt) is yet to be raised, status of the capital raising and the expected timing. |

|  |  |
| --- | --- |
| Please indicate which item you have responded to, [4,Part 2] and/or [4,Part 3], and list details of supporting documentation you have provided. | |
| Question answered.  Please insert into square bracket: | [] |
| Response: |  |

# Section 5: Financial and Commercial Risk Management

|  |
| --- |
| **[5,Part 1]**  Please provide the following, in a **maximum of four pages in total**: |
| **[5,Part 1,A]** details of your understanding of the key risks that could have a financial and/or commercial impact upon the relevant Qualifying Project, and how you would approach dealing with those impacts; and  **[5,Part 1,B]** a description of your proposed approach to insurance. |
|  |

|  |
| --- |
| **[5,Part 2]**  Please provide the following, in a **maximum of four pages in total**: |
| **[5,Part 2,A]** details of your approach to funding potential delays to asset transfer, and potential liquidity constraints, citing examples of past experience, including descriptions, where possible;  **[5,Part 2,B]** a description of how you propose to manage the likely need for additional funding based on Ofgem’s determination of the Final Transfer Value of the Qualifying Project post asset transfer;  **[5,Part 2,C]** a description of your approach to satisfying Standard Licence Condition E17 of the Offshore Transmission Licence (Obligations in Relation to Offers for Connection, etc.) that an OFTO fund incremental investments at any point over the period of the licence, at a value of up to 20% of the Final Transfer Value of the Qualifying Project; and  **[5,Part 2,D]** a description of your approach to satisfying Standard Licence Condition E7 of the Offshore Transmission Licence (Restriction on Activity and Financial Ring Fencing). |
|  |

# Section 6: Shareholding/Bidder Group Structure

|  |
| --- |
| Please provide the following, in a **maximum of three pages in total**: |
| **[6A]** details of the proposed shareholding/Bidder Group organisational structure, making clear the identity of the entity that will hold the Offshore Transmission Licence for the relevant Qualifying Project and the roles, decision-making responsibilities, delegated authority, and relationship which each Bidder Group member will have within and/or with the OFTO; and  **[6B]** in the case of a Bidder Group, the proposed ownership arrangements, the proposed ownership proportions, and how you propose to share liability between Bidder Group members. |
|  |

*Where there are agreements/documents that you wish to submit as part of your QTT Submission to substantiate your responses to [6A] and [6B], please provide these as separate annexes.*

# Section 7: Proposed Takeover Plan

|  |
| --- |
| Please provide your proposed takeover and operational plan for the relevant Qualifying Project, including management control arrangements. The plan should be **no more than 10 pages in total**.  Wherever possible, you should explain how your past experience informs your proposed approach, how this relates to the relevant Qualifying Project, and how this may enable new methodologies, technologies, or ways of working to be introduced into the Great Britain electricity transmission sector.  This plan must include: |
| **[7A]** an outline takeover plan covering acquisition of the OFTO business and/or assets of the relevant Qualifying Project, including proposed resourcing and appropriate references to past experiences of mergers and acquisitions and/or start-up businesses in the infrastructure sector; and  **[7B]** your proposed operational plan for the first three months following asset transfer in respect of the relevant Qualifying Project and how any potential interaction with the Developer may influence its operational planning. |
|  |

# Section 8: Management and Operational Capability Statement

|  |
| --- |
| Please provide a management capability statement, which should be **no more than 25 pages in total** outlining how you propose to approach the management requirements described in [8A] to [8I] below.  In providing these proposals, you should explain how your past experience informs your proposed approach, noting where this may enable new methodologies, technologies, or ways of working to be introduced into the Great Britain electricity transmission sector.  Your response should outline the following: |
| **[8A]** your general approach to managing and operating essential services or regulated infrastructure assets of similar size and complexity in accordance with the required operational performance standards;  **[8B]** demonstration of your understanding of how the operational plan outlined in [7B] will develop over the first five years of operation and maintenance including with respect to handling routine maintenance, life cycle management, liaising with generators on outage management and crisis management;  **[8C]** details of your proposed approach to the delivery of the services for the relevant Qualifying Project in accordance with the required operational performance standards, including the following:   1. operation and maintenance of the Transmission Assets for this Qualifying Project, including for example the approach to: avoiding and rectifying service failures; managing spares; and managing cable inspection and surveys; 2. obtaining and managing the necessary resources and/or contracts to deliver the transmission services for this Qualifying Project, including roles and responsibilities of any Bidder Group members and sub contractors; 3. management of key business and operational risks for this Qualifying Project;   **[8D]** a description of your proposed approach to managing managerial and operational interfaces with key stakeholders and third parties for this Qualifying Project;  **[8E]** a description of your proposed approach to ensuring compliance with the electricity industry regulatory framework applicable to an OFTO, including the conditions of the Offshore Transmission Licence (*Qualifying Bidders should refer to documents referenced in the ‘Other Documents’ section in paragraph 1.25 in considering their responses to this question)*;  **[8F]** a description of your proposed approach to ensuring compliance with other applicable regulatory or statutory requirements, including:   1. ensuring that all activities are delivered in accordance with all applicable health and safety legislation, and that key health and safety risks are clearly identified and managed, addressing: 2. the health and safety of your relevant employees, subcontractors’ employees and members of the public; and 3. the safety of the installations of the relevant Qualifying Project during operation, maintenance, and decommissioning; 4. ensuring that all activities are delivered in accordance with all applicable environmental and planning legislation;   **[8G]** a description of your planned response to a prolonged failure of the Transmission Assets;  **[8H]** details of your approach to decommissioning ([*guidance notes on decommissioning*](http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/renewable/policy/offshore/orei/orei.aspx)*[[17]](#footnote-17) are available on DECC‘s website*); and  **[8I]** details of any existing conflicts of interest of which you are aware, or any potential conflicts of interest which could arise if you are selected as a Preferred Bidder, Reserve Bidder or Successful Bidder.  In addition, please provide details of how the methodology statement referred to in your response to [5A] will be applied to manage these conflicts if you were selected as an OFTO. Where additional conflicts have been identified since the submission of the PQ Questionnaire, you must provide an updated methodology statement. |
|  |

# Section 9: Transfer Agreement

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| --- |
| Based upon your review of the information about the Qualifying Project (including but not limited to the Information Memorandum and the draft Project Transfer Agreement), as well as information available in respect of the offshore electricity transmission regime more generally (including that referred to in paragraph 1.25), you are required to provide: |
| **[9A]** A maximum of **five pages** outlining at this stage what you consider may be the potential key commercial issues and risk considerations associated with achieving a transfer of the assets in accordance with the draft Project Transfer Agreement. |
|  |
| **[9B]** ***For London Array only***  *For the purposes of providing a draft Project Transfer Agreement at the QTT Stage, this document has been initially drafted by the Developer to reflect a transfer of assets once all the Transmission Assets have been completed. However, given the legislative requirements under the Electricity Act 1989 in respect of offshore transmission, and the construction programme for London Array Phase 1 as referenced in the relevant Information Memorandum, it is expected that this project will be subject to a phased transfer of assets.*  *Given this, you are required to identify any specific key commercial issues associated with a phased transfer of assets, including any issues that you would expect to see addressed in the Project Transfer Agreement, in no more than* ***4 pages****. This is in addition to the requirements under [9A] above.*  *Ofgem will provide more detailed information on the structure of the transfer of London Array (Phase 1) at the ITT stage*. |
|  |

*As Ofgem will consider whether to make responses to this section available to the relevant Developer(s) (see paragraph 2.19), Qualifying Bidders’ responses should not contain any information (including in footnotes) which could identify or allow ready identification of the Qualifying Bidder or any member of the Bidder Group (if relevant).*

*Responses which are issues for Ofgem to address, including issues in relation to the Tender Exercise, Offshore Transmission Licence or regulatory regime, should be raised as clarifications in accordance with the procedure set out in paragraph 2.29.*

# Section 10: QTT Certificate

|  |  |
| --- | --- |
| Each Qualifying Bidder must have a duly authorised officer of the Qualifying Bidder or Bidder Group indicate his or her confirmation of all of the statements [10A] to [10I] below by **initialling** each statement where indicated and **signing** where indicated below. The initialled and signed copy of the QTT Certificate must then be uploaded on to the Portal as part of your QTT Submission. In relation to statement [10D] only, if the duly authorised officer is not able to confirm statement [10D] then he or she need not initial this statement provided that the Qualifying Bidder provides a written description of the reasons why the duly authorised officer cannot give such confirmation.  “I, acting as a duly authorised officer of\* and on behalf of \*\* , hereby confirm that: | |
| **[10A]** The information provided in the PQ Submission remains materially true, accurate, and complete, or has been updated where necessary to the extent that any information has materially changed by providing updated responses to the relevant question(s) in the PQ Questionnaire. | Initial below |
|  |
| **[10B]** The information provided in the QTT Submission is true, accurate, and complete. | Initial below |
|  |
| **[10C]** Neither\*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_, \*\*\*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ nor any of [its/their] Related Parties has breached any applicable legislation or regulations including any provision or requirement of the Tender Regulations, the Tender Rules, the PQ Document, or the QTT Document in preparing or making the PQ Submission or this QTT Submission. | Initial below |
|  |
| **[10D]** \*\* [is/are] not aware of any application to place the Qualifying Bidder, any other Bidder Group member, or the shareholders of any of the foregoing in liquidation, administration or receivership, or to commence any analogous process or proceeding in any jurisdiction, and that no such process has been commenced. | Initial below |
|  |
| **[10E]** The Qualifying Bidder is acting as a principal in the Tender Exercise and not as an agent for any undisclosed person and the Qualifying Bidder and each of their other Bidder Group members (if applicable) have expressly authorised me to act on their behalf in making this QTT Submission. | Initial below |
|  |
| **[10F]** The Qualifying Bidder and each of the other Bidder Group members (if applicable) hereby consent to the disclosure by Ofgem to Ofgem’s Related Parties for the purposes of the second transitional Tender Round of any information given to Ofgem either before or during the second transitional Tender Round by such Qualifying Bidder or Bidder Group member. | Initial below |
|  |
| **[10G]** The Qualifying Bidder and each of the other Bidder Group members (if applicable) hereby confirm that they have considered the implications of the Third Package and understands that, if appointed as Preferred Bidder or Reserve Bidder and if the unbundling provisions of the Third Package, or where appropriate, the relevant provisions of the relevant implementing legislation, apply to the Qualifying Project(s) they wish to be invited to tender for, they will be required to comply with the provisions of the Third Package, or where appropriate, the relevant provisions of the relevant implementing legislation. | Initial below |
|  |
| **[10H]** In compiling this QTT Submission, neither I personally nor the Qualifying Bidder or Bidder Group has obtained an unfair commercial advantage including, in particular such advantage from a preferential or discriminatory arrangement with associated parent companies or affiliates, any user of the national electricity transmission system or transmission licencees. | Initial below |
|  |

|  |  |  |
| --- | --- | --- |
| **[10I]** The Qualifying Bidder understands that knowingly or recklessly making a false, incomplete, or misleading statement in support of this QTT Submission may lead to the grant of the licence being refused or revoked if the Qualifying Bidder reaches these relevant stages in the process, and may result in criminal proceedings being instituted under section 39 of the Electricity Act 1989 (as amended). | | Initial below |
|  |
| In providing this statement, I have made all due enquiries on behalf of the Qualifying Bidder or Bidder Group.” | | |
| Signed |  | |
| Name |  | |
| Position |  | |
| Dated |  | |

*\* insert name of Qualifying Bidder (if a Bidder Group, the lead member of the Bidder Group)*

*\*\* insert name of Qualifying Bidder and each of the Bidder Group members if applicable*

*\*\*\* insert the names of each of the other Bidder Group members if applicable*

# Section 11: Confidentiality

|  |
| --- |
| The Freedom of Information Act 2000 provides a general right of access to all information held by public authorities. Ofgem is subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.  The Qualifying Bidder should identify which part(s) of its QTT Submission are provided in confidence and provide reasons why it considers the information is eligible for exemption under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 and should therefore be kept confidential. However, Ofgem is not bound by any such statement but will take them into account in considering whether an exemption applies. |

|  |  |
| --- | --- |
| Section of QTT Submission provided in confidence | Reason(s) for exemption under Freedom of Information Act 2000 |
|  |  |
|  |  |
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|  |  |
|  |  |

1. Evaluation of QTT Submissions

Section Summary

This section sets out how Ofgem will evaluate QTT Submissions made by Qualifying Bidders. This includes the evaluation criteria Ofgem will apply and the process it will follow to evaluate bids.

# Introduction

* 1. Ofgem will evaluate and score a Qualifying Bidder's QTT Submission on a per Qualifying Project basis.
  2. The conclusion of Ofgem's evaluation will be the identification of a shortlist of Qualifying Bidders in respect of each Qualifying Project who will be invited to participate in the ITT Stage.

# Evaluation Process

* 1. Ofgem will conduct its evaluation over the following sequential stages:
* an assessment of completeness;
* an assessment of compliance; and
* an evaluation of compliant QTT Submissions in accordance with the evaluation criteria.

## Assessment of Completeness

* 1. Following receipt of the QTT Submissions, Ofgem will undertake a completeness check of the information received. If this check identifies any omission(s) in the information required to be provided, Ofgem will notify the Qualifying Bidder, who will be given a period of time (to be notified by Ofgem) in which to rectify the omission(s). In this event, Ofgem will only commence evaluation of the QTT Submission following receipt of the requested information.
  2. Ofgem reserves the right to decline to consider a Qualifying Bidder's QTT Submission if any omitted information requested is not provided within the required time.

## Assessment of Compliance

* 1. Following the completeness check, Ofgem will assess whether QTT Submissions received are compliant. A QTT Submission will be considered compliant if all the information requested under paragraph 2.7 is provided.
  2. Ofgem reserves the right to decline to consider a Qualifying Bidder's QTT Submission if it does not comply in any material respect with the requirements specified in this QTT Document.

# QTT Evaluation Criteria

* 1. Chapter 3 of this QTT Document is the QTT Questionnaire. Ofgem will evaluate responses to the requirements in the QTT Questionnaire on either a pass/fail or a scored basis.
  2. Sections 1, 2 and 10 of the QTT Questionnaire will be evaluated on a pass/fail basis. Sections 3 to 9 will be evaluated on a scored basis. Information on confidentiality in Section 11 is requested for information only – this section is not subject to evaluation.
  3. The evaluation criteria for each section of the QTT Questionnaire and the evaluation weighting for each section are as follows:

## Section 1: Confirmation of PQ Submission

* 1. In order to meet this criterion, a Qualifying Bidder must provide a statement confirming that the information provided in its PQ Submission has not changed, or, to the extent that any information has changed, provide updated responses to the relevant question(s) in the PQ Questionnaire.
  2. Where Qualifying Bidders have resubmitted their PQ Questionnaire, Ofgem will assess the revised PQ Submission on a pass/fail basis in accordance with the PQ evaluation criteria detailed in the [PQ Document](http://www.ofgem.gov.uk/Networks/offtrans/rttt/Documents1/Pre-Qualification%20Document%20for%20the%20Second%20Transitional%20Tender%20Round.pdf)[[18]](#footnote-18).

## Section 2: Relevant Qualifying Project

* 1. In order to meet this criterion, a Qualifying Bidder must clearly identify the relevant Qualifying Project that the QTT Submission relates to.

## Section 3: Project IRR and Tender Revenue Stream (25% Weighting)

* 1. In order to meet this criterion, a Qualifying Bidder must provide an indicative annual Tender Revenue Stream for the relevant Qualifying Project incorporating its proposed Project IRR and other relevant assumptions. Qualifying Bidders will be evaluated on the basis of their Project IRR [3A], together with the robustness of their approach to deriving the Tender Revenue Stream [3C]. The indicative annual Tender Revenue Stream [3B] will not be scored, but will be evaluated in terms of robustness.
  2. Ofgem will evaluate the Project IRR provided by each Qualifying Bidder in their response to [3A] on a ranked and scored basis. Scores will be allocated across Qualifying Bidders for each Qualifying Project on the basis of their relative Project IRR, with the lowest Project IRR being awarded the highest available score (ie lower Project IRRs are awarded higher scores).

## Section 4: Financing Strategy (15% Weighting)

* 1. In order to meet this criterion, a Qualifying Bidder must provide its proposed financing strategy. Qualifying Bidders will be evaluated on the basis of the coherence, deliverability and viability of the proposed financing strategy in support of their Project IRR and Tender Revenue Stream. The response should include evidence of support including, where appropriate, indicative terms.

## Section 5: Financial and Commercial Risk Management (20% Weighting)

* 1. In order to meet this criterion, a Qualifying Bidder must demonstrate an understanding within its response to [5,Part 1] and [5,Part 2] of the key risks that could have a financial and/or commercial implication for the relevant Qualifying Project and must set out their proposed approach to insurance. Qualifying Bidders will also be evaluated on the basis of their understanding and proposed approach to managing and mitigating the key risks and on their proposed approach to insurance.

## Section 6: Shareholding/Bidder Group Structure (5% Weighting)

* 1. In order to meet this criterion, a Qualifying Bidder must provide details of the proposed shareholding/Bidder Group organisational structure, and in the case of a Bidder Group, the proposed ownership arrangements. The Qualifying Bidder will be evaluated on the basis of the robustness and clarity of the proposed shareholding/Bidder Group organisational and contractual structure.

## Section 7: Proposed Takeover Plan (10% Weighting)

* 1. In order to meet this criterion, a Qualifying Bidder must demonstrate, with regard to its management approach, its understanding and approach to acquiring a business or assets from a third party and developing an operations plan for newly acquired assets. Qualifying Bidders will be evaluated on the basis of the coherence and deliverability of their approach in relation to the relevant Qualifying Project.

## Section 8: Management and Operational Capability Statement (20% Weighting)

* 1. In order to meet this criterion, a Qualifying Bidder must demonstrate its capabilities through experience-based management approaches to key aspects of the role to be undertaken by an OFTO and the specifics of operating within the offshore transmission regime. Qualifying Bidders will be evaluated on the basis of their understanding of the requirements and the coherence and viability of their proposals in relation to the relevant Qualifying Project.

## Section 9: Transfer Agreement (5% Weighting)

* 1. In order to meet this criterion, a Qualifying Bidder must demonstrate its understanding of the scope and considerations associated with a transfer of the Transmission Assets of the relevant Qualifying Project in the context of the information provided through the Tender Exercise to date, including the draft Project Transfer Agreement. The Qualifying Bidder will be evaluated based upon their clear and considered identification of key commercial issues and risk considerations associated with the Qualifying Project and its transfer via the Project Transfer Agreement.

## Section 10: QTT Certificate

* 1. A duly authorised officer of the Qualifying Bidder or Bidder Group is required to confirm the statements set out in the QTT Certificate in Section 10. A Qualifying Bidder or Bidder Group who does not do so will have its QTT Submission rejected and it will not be considered further.

## Section 11: Confidentiality

* 1. Information only is requested on confidentiality issues – this section is not subject to evaluation.

# Notification to Qualifying Bidders and Publication of Qualifying Bidder Shortlist

* 1. Ofgem will notify each Qualifying Bidder (via the Portal) as to whether its QTT Submission has been successful or unsuccessful.
  2. Ofgem is sensitive to the likely level of investment which Qualifying Bidders will have to undertake during the ITT Stage and considers that it would not be beneficial, either for Ofgem or Qualifying Bidders, to take too many Qualifying Bidders beyond the QTT Stage. Therefore, Ofgem reserves the right to limit the number of Qualifying Bidders who will be invited to take part in the ITT Stage in relation to any Qualifying Project. It is anticipated that this will be a maximum of five.
  3. The notices given to successful Qualifying Bidders will set out the next steps they will need to take in order to participate in the ITT Stage.
  4. Once all Qualifying Bidders have been notified, Ofgem will publish the shortlist of Qualifying Bidders in respect of each Qualifying Project on the Portal and on the Ofgem website. Ofgem may also make a general public announcement.

## Qualifying Bidder feedback

* 1. Ofgem expects to offer confidential feedback to any Qualifying Bidder following completion of the QTT Stage. Ofgem expects that any such feedback will be provided within one month of the notification referenced within paragraph 4.24.

Appendices

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Appendix 1 – Table of Commentary to draft [Project][[19]](#footnote-19) Transfer Agreement

**PART A: HIGH IMPACT:** Significant commercial and/or legal impact which will materially affect the Tender Revenue Stream being bid at the ITT Stage or could materially affect the fundability of the transfer.

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Headline issue** | **Relevant Clause(s)** | **Commentary** |
| **A.1** |  |  |  |

**PART B: MEDIUM IMPACT:** Commercial and/or legal impact which could affect the Tender Revenue Stream being bid at the ITT Stage but not in a material way.

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Headline issue** | **Relevant Clause(s)** | **Commentary** |
| **B.1** |  |  |  |

**PART C: LOW IMPACT:** Amendments which you would expect which would neither affect the Tender Revenue Stream that you would bid at the ITT Stage, nor have a significant commercial impact, but which would make the transaction more desirable from your perspective.

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Headline issue** | **Relevant Clause(s)** | **Commentary** |
| **C.1** |  |  |  |

Appendix 2 - Template for responses to Section 3 of the QTT Questionnaire

*Refer to the Qualification to Tender Document for the full text to questions [3A], [3B] and [3C].*

|  |  |
| --- | --- |
| 1. Please enter name of Qualifying Bidder or Bidder Group here: |  |

|  |  |
| --- | --- |
| 1. Please enter name of Qualifying Project here: |  |

|  |  |
| --- | --- |
| 1. Please provide your desired Project IRR here (to two decimal places): |  |

|  |  |
| --- | --- |
| 1. Please provide your indicative annual Tender Revenue Stream here: *(the figure provided should then be carried over to the last box of the ‘value’ column below –* ***highlighted in green****).* |  |

|  |
| --- |
| 1. Identify the specific assumptions used in deriving the indicative annual Tender Revenue Stream in the section below: |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Item** | **Value** | **% of Tender Revenue Stream** |
| 1 | Operating and maintenance costs |  |  |
| 2 | Insurance |  |  |
| 3 | Decommissioning costs |  |  |
| 4 | Operational performance security package for the last five years of the project (in accordance with part B of Amended Standard Condition E12-J4) |  |  |
| 5 | Corporation tax, VAT and stamp duty land tax (SDLT) |  |  |
| 6 | SPV and/or management costs |  |  |
| 7 | Bid cost recoveries and/or development fees |  |  |
| 8 | Other income items, including any potential unregulated revenue and terminal values (to be expressed as a ‘negative cost’) |  |  |
| 9 | Cost of Equity Finance, Corporate Finance and Debt Finance service costs including all interest payments and fees (to reflect the Financing Strategy set out in your response to Section 4) |  |  |
| 10 | Any other relevant foreseen costs |  |  |
|  | **Total** |  | **100%** |

|  |
| --- |
| Assumptions and underlying thinking in relation to each cost/revenue should be clearly set out below: |
|  |

1. Appendix 3 – Disclaimer and Notices

# Non-reliance, Accuracy of Information and Exclusion of Liability

* 1. It is the responsibility of each Qualifying Bidder to ensure that it has all of the information it needs to prepare its QTT Submission.
  2. While information provided by Ofgem and/or its Advisers in this QTT Document or otherwise in relation to the Tender Round has been prepared in good faith, it does not purport to be comprehensive or to have been independently verified. Neither Ofgem nor any of its Advisers make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the information provided by it or its Advisers in this QTT Document or otherwise in relation to the Tender Round or any information provided by Developers through Data Rooms or otherwise. Ofgem and its Advisers expressly disclaim any and all liability (other than in respect of fraudulent misrepresentation) based on or relating to any such information or representations or warranties (express or implied) contained in, or errors or omissions from, the information or based on or relating to its use by a Qualifying Bidder and/or any other interested party.

# Use of Information

* 1. This QTT Document is not intended to provide the basis of any investment decision, nor is it intended to be considered as an investment recommendation by Ofgem or by any of its Advisers. Each Qualifying Bidder and any other interested party must make its own independent assessment of the Qualifying Project(s) after making such investigation and taking such professional advice as it deems necessary.
  2. The material in this QTT Document is not and should not be regarded as legal or professional advice. Qualifying Bidders and other interested parties should seek their own legal or other professional advice where appropriate.
  3. Nothing in this QTT Document is intended to, or shall be deemed to establish any partnership or joint venture between Ofgem and any Qualifying Bidder.
  4. Advisers acting for Ofgem in relation to the Tender Round will not regard any Qualifying Bidder or other interested party as their client or be responsible to anyone other than Ofgem for providing the protections afforded to their clients or for advising any other person on the Tender Round or any matter related to it.

# Freedom of Information

* 1. The Freedom of Information Act 2000 provides a general right of access to all information held by public authorities. The Environmental Information Regulations 2004 provide a general right of access to all environmental information held by public authorities. Ofgem is subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Qualifying Bidders should identify which parts, if any, of their submissions are provided to Ofgem in confidence and provide reasons why they consider the information to be eligible for exemption under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 and should be kept confidential. Ofgem will take any such statement of confidentiality into account in considering whether an exemption applies, but Ofgem is not bound by any such statement.
  2. Although Ofgem is not under any statutory obligation to consult with a Qualifying Bidder in relation to requests for information made under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004, Ofgem will endeavour to inform the relevant Qualifying Bidder of requests wherever it is reasonably practicable to do so. However, all decisions in respect of disclosure of information will be made at the sole discretion of Ofgem regardless of whether or not a Qualifying Bidder has identified any information as being in its opinion eligible for exemption. For further information and guidance, Qualifying Bidder’s attention is drawn to the Lord Chancellor’s Code of Practice issued under Section 45 of the Freedom of Information Act 2000[[20]](#footnote-20).

# Data Protection

* 1. In participating in the Tender Round, Qualifying Bidders must comply with the Data Protection Act 1998 and all relevant regulations, together with any codes of conduct and guidance issued by the Information Commissioner. Qualifying Bidders must not do, or cause or permit to be done, anything which may cause or otherwise result in a breach by Ofgem of such requirements. BravoSolution UK Ltd, on behalf of Ofgem, will collect, hold and use personal data obtained from and about Qualifying Bidders. In order to participate in the Tender Round, Qualifying Bidders must agree to such data being collected, held and used.

# Confidentiality and Publicity

* 1. Qualifying Bidders must comply with their obligations under the Confidentiality Agreement they are required to sign with the Developer of each relevant Qualifying Project at the start of the QTT Stage. Qualifying Bidders must procure compliance by their directors, employees, advisers, subcontractors, etc, as provided for under such agreements.
  2. Qualifying Bidders shall not undertake (or permit to be undertaken) at any time during the Tender Round any publicity activity with any section of the media in relation to any Qualifying Project(s) other than with the prior written agreement of Ofgem. Such agreement shall extend to the content of any publicity. In this paragraph the word 'media' includes (without limitation) radio, television, newspapers, trade and specialist press, the internet and e-mail accessible by the public at large and the representatives of such media.

# Copyright

* 1. The information contained within this QTT Document is subject to Crown copyright protection unless otherwise indicated. The Crown copyright protected material may be reproduced free of charge in any format or medium provided it is reproduced accurately and not in a misleading or derogatory manner. Where any of the Crown copyright material in this QTT Document is being published or copied to others, the source of the material must be identified and the copyright status acknowledged.

1. Appendix 4 - The Authority’s Powers and Duties
   1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority (the Authority), the regulator of the gas and electricity industries in Great Britain. This appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).
   2. The Authority's powers and duties are largely provided for in statute (such as the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Acts of 2004, 2008 and 2010) as well as arising from directly effective European Community legislation.
   3. References to the Gas Act and the Electricity Act in this appendix are to Part 1 of those Acts.[[21]](#footnote-21) Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This appendix must be read accordingly.[[22]](#footnote-22)
   4. The Authority’s principal objective is to protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems. The interests of such consumers are their interests taken as a whole, including their interests in the reduction of greenhouse gases and in the security of the supply of gas and electricity to them.
   5. The Authority is generally required to carry out its functions in the manner it considers is best calculated to further the principal objective, wherever appropriate by promoting effective competition between persons engaged in, or commercial activities connected with:

* the shipping, transportation or supply of gas conveyed through pipes;
* the generation, transmission, distribution or supply of electricity; and
* the provision or use of electricity interconnectors.
  1. Before deciding to carry out its functions in a particular manner with a view to promoting competition, the Authority will have to consider the extent to which the interests of consumers would be protected by that manner of carrying out those functions and whether there is any other manner (whether or not it would promote competition) in which the Authority could carry out those functions which would better protect those interests.
  2. In performing these duties, the Authority must have regard to:
* the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
* the need to secure that all reasonable demands for electricity are met;
* the need to secure that licence holders are able to finance the activities which are the subject of obligations on them[[23]](#footnote-23); and
* the need to contribute to the achievement of sustainable development.
  1. In performing these duties, the Authority must have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.[[24]](#footnote-24)
  2. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:
* promote efficiency and economy on the part of those licensed[[25]](#footnote-25) under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems;
* protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity; and secure a diverse and viable long-term energy supply, and shall, in carrying out those functions, have regard to the effect on the environment.
  1. In carrying out these functions the Authority must also have regard to:
* the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
* certain statutory guidance on social and environmental matters issued by the Secretary of State.
  1. The Authority may, in carrying out a function under the Gas Act and the Electricity Act, have regard to any interests of consumers in relation to communications services and electronic communications apparatus or to water or sewerage services (within the meaning of the Water Industry Act 1991), which are affected by the carrying out of that function.
  2. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation[[26]](#footnote-26) and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

1. Appendix 5 - Glossary

**“Advisers”** means in relation to Ofgem, its employees, officers, directors, officials, insurers, agents, consultants, advisers, contractors or sub-contractors (of any tier) and affiliates;

**“Authority”** means the Gas and Electricity Markets Authority;

**“Bid”** means each bid submitted to Ofgem in response to an ITT Document;

**“Bidder Group”** means two or more persons acting together as a consortium for the purposes of any submission to Ofgem in accordance with the Tender Regulations;

“**Competition Act**” means the Competition Act 1998 as amended from time to time;

**“Confidentiality Agreement”** means the standard form agreement between a Developer and a Qualifying Bidder in respect of confidential information disclosed in connection with a Tender Exercise,in the same form as provided through the Portal;

**“Corporate Finance”** means any finance provided by the company without recourse to external parties, e.g. intercompany loans, where the shareholders or parent company are the sole source of finance;

**“Data Room”** means, in respect of a Qualifying Project, a secure electronic data room populated and maintained by Ofgem with information provided by the relevant Developer, which is made available to relevant Qualifying Bidders through the Portal;

**“Debt Finance”** means non-recourse or limited recourse senior debt finance;

“DECC” means the government department responsible, among other things, for the introduction of the regulatory regime for offshore electricity transmission. It has responsibility for commencing the relevant sections of primary legislation and approves new and amended tender regulations;

**“Default Availability Standard”** means 98% asset availability including planned/unplanned outages which is the default availability standard applicable under the Tender Exercise;

**“Developer”** means the person falling within sub-sections 6D(2)(a) and (4) of the Electricity Act which has developed or is developing an offshore generating station which requests that Ofgem commences a Tender Exercise in respect of a proposed project;

**“Electricity Act”** means the Electricity Act 1989 as amended from time to time;

“**Electricity Directive**” means Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009;

**“Equity Finance”** means any direct equity and mezzanine finance;

**“Estimated Transfer Date”** means the expected date of transfer of the Transmission Assets for a Qualifying Project to the Successful Bidder for that Qualifying Project - as set out in paragraph 1.19 of this document in relation to each Qualifying Project;

**“Final Transfer Value”** means Ofgem’s assessment of the efficient and economic costs which ought to have been incurred in connection with the development and construction of the Transmission Assets for each Qualifying Project;

**“Gas Act”** means the Gas Act 1986 as amended from time to time;

**“Indicative Transfer Value”** means Ofgem’s estimate of the economic and efficient costs which ought to be incurred in connection with the development and construction of the relevant Transmission Assets;

**“Information Commissioner”** has the meaning given to that term in the Data Protection Act 1998 as amended from time to time;

**“Information Memorandum”** or **“IM”** means the document issued by Ofgem to a Qualifying Bidder at the QTT stage containing detailed information in relation to a Qualifying Project;

**“Initial Transfer Value”** means the initial transfer value for a Qualifying Project based on information provided by Developers and as set out in paragraph 1.19 of this document;

**“ITT Stage”** means the period starting from the distribution of the ITT documentation to Qualifying Bidders by Ofgem, and including tender preparation, submission and evaluation, and ending when either a Preferred Bidder is selected and notified, or a Best and Final Offer Stage is commenced;

**“Licence Grant”** means the grant of the Offshore Transmission Licence by the Authority to the Successful Bidder, pursuant to section 6C of the Electricity Act;

**“NETSO”** means the National Electricity Transmission System Operator (formally known as the GB System Operator). This role is fulfilled by NGET in accordance with its Electricity Transmission Licence. Under its standard licence conditions, NGET is required to provide Ofgem with certain information and assistance in relation to any Tender Exercise and the Offshore Electricity Transmission System to which it relates;

**“NGET”** means National Grid Electricity Transmission PLC;

**“Offshore Transmission Licence”** means a licence grantedpursuant to section 6(1)(b) of the Electricity Act in relation to the transmission of electricity offshore, where offshore means:

1. waters in or adjacent to Great Britain which are between the mean low water mark and the seaward limits of the territorial sea;
2. waters within an area designated under section 1(7) of the Continental Shelf Act 1964
3. waters within an area designated under section 84(4) of the Energy Act 2004;

**“Offshore Transmission System”** means theonshore and offshore transmission system in respect of which an Offshore Transmission Licence is (or is to be) granted or anything which forms part of that system;

**“Ofgem”** means the office of Gas and Electricity Markets;

“OFTO” means the holder of an Offshore Transmission Licence;

**“Portal”** means the Offshore Transmission Electronic Tendering Portal described in section 4 of the Tender Rules;

**“Preferred Bidder”** means, in relation to a Qualifying Project,the Qualifying Bidder determined byOfgem, in its sole discretion and following its evaluation of the Bids received (and any Best and Final Offer Submissions requested), as the Qualifying Bidder to which it intends (subject to the satisfaction of the conditions specified by Ofgem) to grant the Offshore Transmission Licence;

**“Pre-Qualification Document”** or “**PQ Document**” means the documentation prepared and issued by Ofgem for the purpose of selecting a longlist of Qualifying Bidders to progress to the QTT Stage and which sets out the rules and requirements of the PQ Stage;

**“Pre-Qualification Questionnaire”** or **“PQ Questionnaire”** means the Pre-Qualification questionnaire made available at the Pre-Qualification Stage, as part of the Pre-Qualification Document, to entities which have registered on the Portal;

**“Pre-Qualification Stage”** or “**PQ Stage**” means the period starting from the publication of the Pre-Qualification Document, including the preparation, submission and evaluation of Pre-Qualification Submissions and ending once Ofgem has published the longlist of Qualifying Bidders who have prequalified for the QTT Stage;

**“Pre-Qualification Submission”** or “**PQ Submission**” means a Bidder's response to the Pre-Qualification Document;

**“Project Transfer Agreement”** means the Transfer Agreement filled in by the Developer, as far as possible, with all relevant information available to it at the time, for their Qualifying Project;

**“Project IRR”** means the internal-post-tax, real forecast project cash flow rate of return;

**“Qualification to Tender Certificate”** or **“QTT Certificate”** means the certificate set out in Chapter 3, Section 10 to the QTT Document;

**“Qualification to Tender Document”** or **“QTT Document”** means the documentation prepared and issued by Ofgem for the purpose of selecting a shortlist of Qualifying Bidders to progress to the ITT Stage and which sets out the rules and requirements of the QTT Stage;

**“Qualification to Tender Questionnaire”** or **“QTT Questionnaire”** means the QTT Questionnaire published by Ofgem at the QTT Stage, as part of the QTT documentation (chapter 3 of this document), to entities that have registered on the Portal;

**“Qualification to Tender Stage”** or **“QTT Stage”** means the period starting from the publication of the QTT documentation, including the preparation, submission and evaluation of PQ Submissions and ending once Ofgem has published the shortlist of Qualifying Bidders who are invited to participate in the ITT Stage;

**“Qualification to Tender Submission”** or **“QTT Submission”** means a Qualifying Bidder's response to the QTT Document;

**“Qualifying Bidder”** means a Bidder or Bidder Group invited to make a QTT Submission or an ITT Submission;

**“Qualifying Project”** means an offshore generating project in respect of which Ofgem determines that the Developer has satisfied the Qualifying Project requirements described in paragraph 2 of Schedule 1 to the Tender Regulations or which Ofgem determines at its discretion (exercised in accordance with the Tender Regulations) that the Developer will use its reasonable endeavours to satisfy the relevant Qualifying Project requirements within a period specified by Ofgem;

**“Related Party”** or **“Related Parties”** in relation to a Qualifying Bidder (or any member of a Bidder Group) who is a principal undertaking, means a parent or subsidiary undertaking of the principal undertaking or a subsidiary undertaking of the parent undertaking of the principal undertaking, in each case within the meaning of section 1162 of the Companies Act 2006; and in relation to any Qualifying Bidder (or any member of a Bidder Group) means a connected person of the Qualifying Bidder (or member of a Bidder Group) within the meaning of section 286 of the Taxation of Chargeable Gains Act 1992;

**"Reserve Bidder"** means the Qualifying Bidder determined by Ofgem, in its sole discretion and following its evaluation of the Bids received, as the second choice Qualifying Bidder to which Ofgem would consider granting the Offshore Transmission Licence should Ofgem determine not to grant the Offshore Transmission Licence to the Preferred Bidder;

**“Section 8A Licence Consultation”** means the public notice issued by Ofgem, in accordance with section 8A of the Electricity Act, to propose a modification to the standard conditions of each Offshore Transmission Licence in order to incorporate the OFTO-specific provisions in the Offshore Transmission Licence at the time of Offshore Transmission Licence grant. This notice is subject to a statutory public 28 day consultation period;

**“Successful Bidder”** means a Preferred Bidder to which Ofgem has determined to grant an Offshore Transmission Licence;

**“Tender Exercise”** means the competitive process run by Ofgem in order to identify a Successful Bidder to be granted an Offshore Transmission Licence in relation to a particular Qualifying Project;

**“Tender Regulations”** means the Electricity (Competitive Tenders for Offshore Transmission Licences) Regulations 2010;

**“Tender Revenue Stream”** means a constant revenue stream in real terms submitted by the Qualifying Bidder for the relevant Qualifying Project;

**“Tender Round”** means the Tender Exercises run by Ofgem in order to identify Successful Bidders to be granted Offshore Transmission Licenses in relation to Qualifying Projects;

**“Tender Rules”** means the Tender Rules for the second transitional Tender Round published by Ofgem pursuant to regulation 9(4) of the Tender Regulations (as amended by any documents subsequently issued by Ofgem in connection with the Tender Round or a Tender Exercise);

“**Third Package**” means a package of European legislation on the liberalisation of EU gas and electricity markets;

“**Tranche A Tender Exercises**” means the first tranche of Tender Exercises in the second transitional Tender Round, which commenced on 17 November 2010

**“Transfer Agreement”** means the agreement to transfer any property interests, rights or liabilities in or relating to Transmission Assets from a Developer to a Successful Bidder in respect of a Qualifying Project subject to a transitional Tender Exercise;

**“Transmission Assets”** has the meaning given in paragraph 1(3) (a) of Schedule 2A to the Electricity Act;

**“Transitional Regime”** means Tender Rounds for the grant of Offshore Transmission Licences where the Transmission Assets have been or are being constructed by Developers, and where the Developer meets certain Qualifying Project requirements to the satisfaction of the Authority;

**“Transmission Services”** has the meaning given in the standard conditions of an Offshore Transmission Licence.

1. And its predecessors, the Department for Trade and Industry and the Department of Business, Enterprise and Regulatory Reform [↑](#footnote-ref-1)
2. See Appendix 4 for more information on Ofgem. [↑](#footnote-ref-2)
3. This can be found via the following link: [www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Main.pdf](http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Main.pdf) [↑](#footnote-ref-3)
4. <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=7&refer=Networks/offtrans/rttt> [↑](#footnote-ref-4)
5. Solely for the purposes of making QTT Submissions, Qualifying Bidders should assume asset transfer once all the Transmission Assets have been completed. However, given the legislative requirements under the Electricity Act in respect of offshore transmission, and the construction programme for London Array Phase 1 as referenced in the relevant Information Memorandum, it is expected that this project will be subject to a phased transfer of assets [↑](#footnote-ref-5)
6. See, for example, the Tender Rules, paragraph 4.26. [↑](#footnote-ref-6)
7. <http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Main.pdf> [↑](#footnote-ref-7)
8. <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=85&refer=Networks/offtrans/pdc/cdr/cons2009> [↑](#footnote-ref-8)
9. Available via the electronic public register on the Ofgem website: <http://epr.ofgem.gov.uk/> [↑](#footnote-ref-9)
10. <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=52&refer=Networks/offtrans/pdc/cdr/Cons2010> [↑](#footnote-ref-10)
11. <http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/Cons2010/Documents1/Guidance%20Note%20Generic%20OFTO%20licence.pdf> [↑](#footnote-ref-11)
12. <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=24&refer=Networks/offtrans/rott> [↑](#footnote-ref-12)
13. <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=13&refer=Networks/offtrans/rttt> [↑](#footnote-ref-13)
14. <http://www.ofgem.gov.uk/Networks/Policy/Documents1/GUIDANCE%20DOC%20(DECISION%20DOC)%20-%20FINAL.pdf> [↑](#footnote-ref-14)
15. The codes establish detailed rules for industry that govern market operation, the terms for connection and access to energy markets. Further details in relation to the codes relevant to offshore transmission can be found at <http://www.ofgem.gov.uk/NETWORKS/OFFTRANS/SF/Pages/sf.aspx> [↑](#footnote-ref-15)
16. <http://www.decc.gov.uk/en/content/cms/consultations/resp_3rd_pack/resp_3rd_pack.aspx> [↑](#footnote-ref-16)
17. <http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/renewable/policy/offshore/orei/orei.aspx> [↑](#footnote-ref-17)
18. <http://www.ofgem.gov.uk/Networks/offtrans/rttt/Documents1/Pre-Qualification%20Document%20for%20the%20Second%20Transitional%20Tender%20Round.pdf> [↑](#footnote-ref-18)
19. Insert name of Qualifying Project here [↑](#footnote-ref-19)
20. see <http://www.dca.gov.uk/foi/codesprac.htm> [↑](#footnote-ref-20)
21. Entitled “Gas Supply” and “Electricity Supply” respectively. [↑](#footnote-ref-21)
22. However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act. [↑](#footnote-ref-22)
23. Under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Acts in the case of Electricity Act functions. [↑](#footnote-ref-23)
24. The Authority may have regard to other descriptions of consumers. [↑](#footnote-ref-24)
25. Or persons authorised by exemptions to carry on any activity. [↑](#footnote-ref-25)
26. Council Regulation (EC) 1/2003 [↑](#footnote-ref-26)