

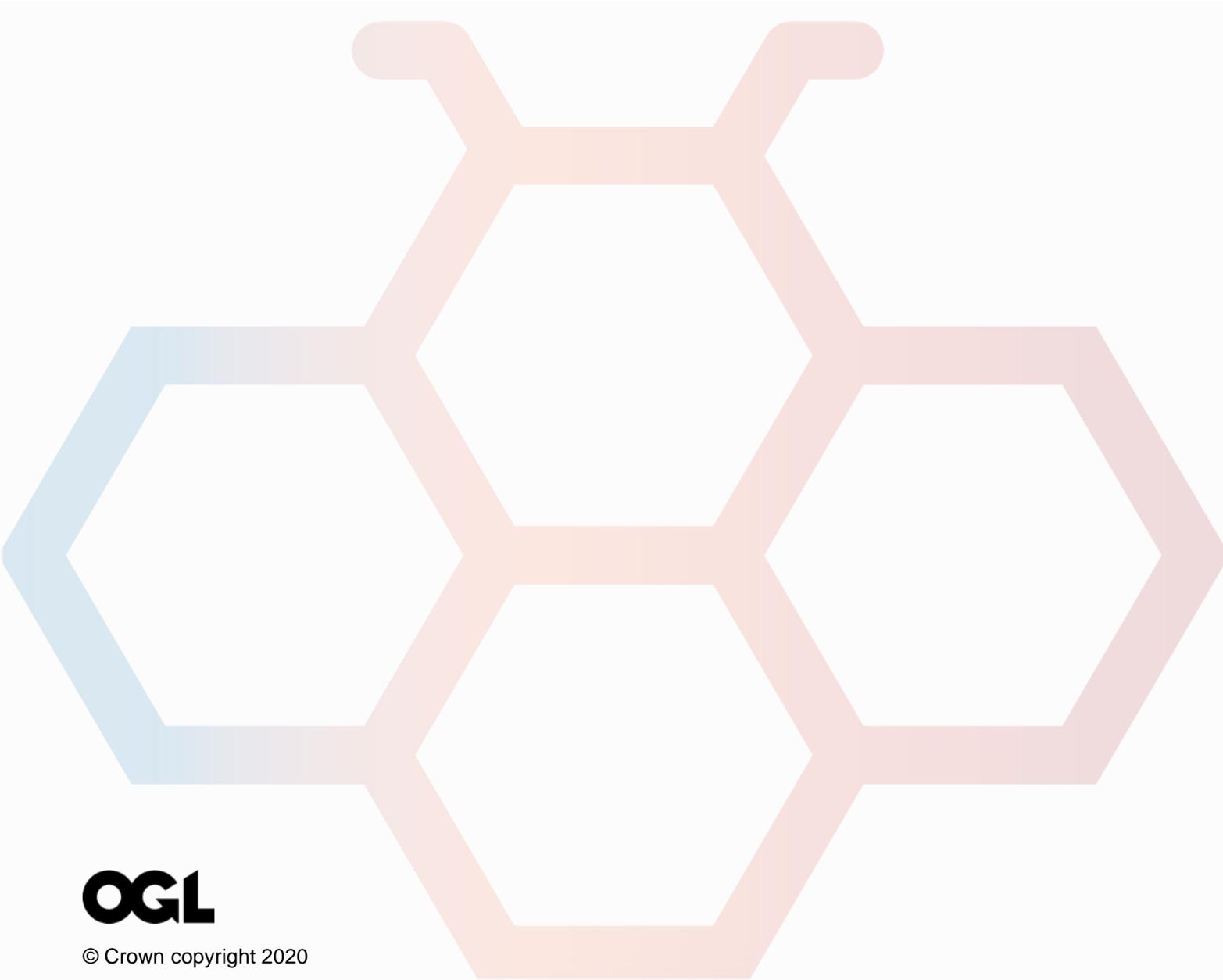
BHIVE Dynamic Purchasing System

Funding Provider Guide

December 2020



Department for
Business, Energy
& Industrial Strategy


OGL

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BHIVE@tp-heatnetworks.org

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Introduction

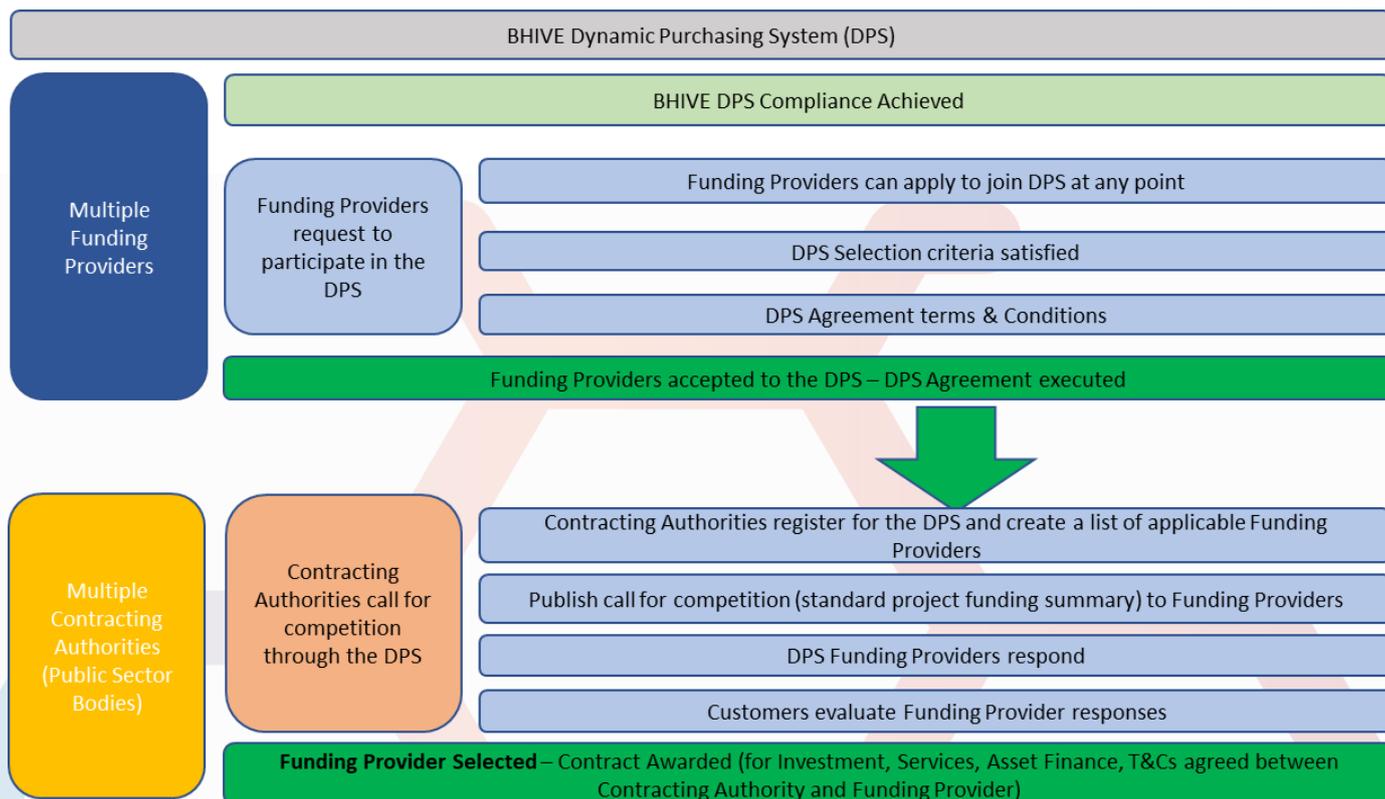
The Department for Business, Energy and Industrial Strategy (the “Administering Authority”) is seeking to establish a Dynamic Purchasing System (“DPS”) for heat networks - the BEIS Heat Investment Vehicle (“BHIVE”) DPS. The BHIVE DPS will allow public sector heat network owners/developers in England and Wales (referred to as Contracting Authorities) to procure funding and funding-related services for their heat network projects from a range of potential funders (referred to as “Funding Providers”).

UK heat networks represent one of the biggest growth potentials for energy networks in Europe, with investment potential between £13 billion to £22 billion by 2050. The Heat Network Investment Project (“HNIP”) is a £320m project that will secure an increased **number of heat networks in England & Wales and stimulate increased external investment to create a self-sustaining heat network market**. The BHIVE DPS will play a key part in creating a market that is economically attractive to investors, and which delivers and sustains jobs, exports, and provides economic benefits and continues to promote the UK as one of the top global investment destinations.

The BHIVE DPS can be accessed via the following link <https://tp-heatnetworks.org/>.

What is a Dynamic Purchasing System (DPS)?

A DPS is a public sector sourcing tool for common goods and services under regulation 34 (Dynamic Purchasing Systems) of the PCR 2015. Funding Providers can apply to join the DPS at any point and do not require any special IT equipment as a DPS eliminates unnecessary up-front activity for the bidder.



Who can use the DPS?

The BHIVE DPS is available to all Public Sector Bodies in England and Wales which are within the scope of the definition of "Contracting Authority" in regulation 2(1) of the Public Contracts Regulations 2015 (PCR) and/or Schedule 1 PCR.

This includes any of the following:

- Ministerial government departments;
- Non ministerial government departments;
- Executive agencies of government;
- Non-Departmental Public Bodies (NDPBs), including advisory NDPBs, executive NDPBs, and tribunal NDPBs;
- Assembly Sponsored Public Bodies (ASPBs);
- Police forces;
- Fire and rescue services;
- Ambulance services;
- Maritime and coastguard agency services;
- NHS bodies;

- Educational bodies or establishments including state schools (nursery schools, primary schools, middle or high schools, secondary schools, special schools), academies, colleges, Pupil Referral Unit (PRU), further education colleges and universities;
- Hospices;
- National Parks;
- Housing associations, including registered social landlords;
- Third sector and charities;
- Citizens advice bodies;
- Councils, including county councils, district councils, county borough councils, community councils, London borough councils, unitary councils, metropolitan councils, parish councils;
- Public corporations;
- Public financial bodies or institutions;
- Public pension funds;
- Central banks; and
- Civil service bodies, including public sector buying organisations.

The full lists of eligible bodies can be found at:

-Those listed and maintained by the Government on their website at

<https://www.gov.uk/government/organisations>

-Those listed and maintained by the Office of National Statistics (ONS) at

<https://www.ons.gov.uk/methodology/classificationsandstandards/economicstatisticsclassifications/introductiontoeconomicstatisticsclassifications>

BHIVE is open to Contracting Authorities wanting to raise funding for their heat network projects to:

- finance a new heat network
- finance the expansion of an existing heat network, or
- facilitate the sale of part, or all, of an investment in a mature heat network - for example, where a Contracting Authority wishes to sell its stake in an operational heat network. This could also be part of a wider refinancing of the project.

BHIVE is not limited to projects receiving funding from HNIP or from the Heat Network Delivery Unit (HNDU) – it is also open to Contracting Authorities who do not expect to receive any funding from either of these government schemes.

It is important that heat network projects coming to market through BHIVE are sufficiently well developed to meet Funding Providers' expectations and requirements, and to be capable of attracting funding.

What funding is available within BHIVE?

The funding categories available under BHIVE are divided into two Lots, as follows:

- Lot 1: Equity Finance
- Lot 2: Asset Finance

In addition to the provision of the funding itself, Contracting Authorities may also ask Funding Providers to provide a range of services which are ancillary to the funding for Lot 1. Examples of these services are set out in Annex 1.

Any services procured under BHIVE must be ancillary to, and provided in conjunction with, the funding. BHIVE is not available for customers to procure supplies of works or services that are not funding-related, such as construction or operation and maintenance services, or stand-alone advisory services, such as financial advice or legal services.

Who can apply to be on the DPS?

The Administering Authority is running this competition using the 'restricted procedure'. This means that anyone who can satisfy the requirements set out in the BHIVE Supplier Questionnaire can participate, and request to join BHIVE, in response to the published OJEU contract notice (2020/S 240-594964)¹.

Funding Providers appointed to the DPS are expected to be capable of providing one or more of the required funding Lots. When applying to BHIVE, Funding Providers must indicate which of the funding Lots they are applying for.

Funding Providers applying for Lot 1 must also indicate which Services they are capable of providing (see Annex 1 for more details on the Services).

¹ <https://procontract.due-north.com/Advert?advertId=d71a04f6-ba30-eb11-8105-005056b64545&fromProjectDashboard=True>

What is the duration of BHIVE?

The initial term of the BHIVE DPS is 24 months but is subject to renewal by 1 + 1 years (i.e. 2 annual extensions) at the Administering Authority's option. In the event the BHIVE DPS is terminated, the Administering Authority will give Funding Providers no less than three (3) months written notice. The Administering Authority acknowledges that the BHIVE DPS will not be terminated within the initial first six (6) months from the commencement date.

What are the benefits of BHIVE?

BHIVE has the potential to deliver a number of significant benefits to the market:

Accessibility: By providing a central market place of Funding Providers, all of whom have expressed an interest in funding heat networks and demonstrated that they have access to funds and the associated services to execute fund raising, BHIVE will provide an efficient route for Contracting Authorities to access funding and funding-related services for their heat network projects.

BHIVE will provide an effective way for Funding Providers to access heat network funding opportunities.

Standardisation: Over time, and in conjunction with the HNIP Standardised Due Diligence Set (SDDS) and the Sales, Operations and Maintenance Set (SOMS), BHIVE will help to reduce the timescales and costs of funder due diligence and approvals and make for a more efficient fund raising process.

Flexibility: BHIVE will be diverse enough to provide a wide range of skills and experience alongside the funding, and potentially facilitate the creation of a secondary investment market.

Value for Money: Through competitions for individual projects, BHIVE will provide the means for Contracting Authorities to access the most economically advantageous terms for their project, with the optimum capital structure and lowest cost of capital.

In addition, the use of a DPS will provide benefits to both Funding Providers and Contracting Authorities:

- A simpler and quicker process for Funding Providers.
- A faster process for Contracting Authorities to access Funding Providers.
- Use of an automated, electronic process, to streamline procurement.
- A more flexible way for Funding Providers to join and update responses at any point.

What is the estimated value of the BHIVE?

Initial indications estimate the value could be up to £150m

What is the current situation?

BHIVE is a new offering from the Administering Authority.

What are the timelines for BHIVE?

These are our intended timelines. We will try to achieve these but, for a range of reasons, dates can change as the competition progresses. We will tell you if and when timelines change:

Activity	Date
Issue of the OJEU Contract Notice (2020/S 240-594964)	4 December 2020
Start Date - Open DPS to potential Funding Providers to request to participate	4 December 2020
DPS Open to Contracting Authorities for Call for Competition	January 2021

How does BHIVE work?

Platform

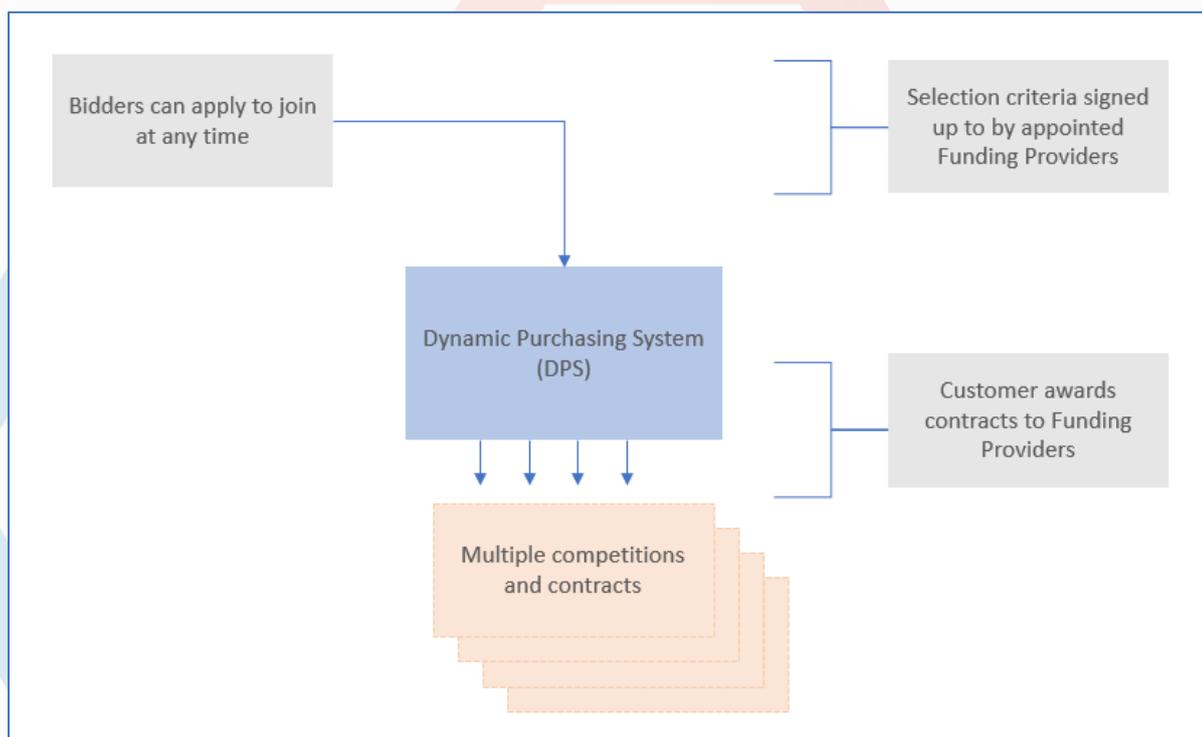
The DPS is a wholly electronic process. This will be managed by Triple Point Investment Management LLP (“TPIM”), through the ProContract e-procurement system. There is no charge for Funding Providers to get appointed to the ProContract System².

For any technical support queries pertaining to the ProContract System please contact BHIVE@tp-heatnetworks.org

² <https://procontract.due-north.com/Advert?advertId=d71a04f6-ba30-eb11-8105-005056b64545&fromProjectDashboard=True>

DPS Process

Funding Providers will access opportunities on BHIVE through a two-stage process. The first is the selection stage, where Funding Providers answer a series of questions to pre-qualify for a particular funding Lot. Once qualified as a Funding Provider, they are then eligible to participate in the second stage of the process: the Call for Competition. This is where a Contracting Authority runs a competition for its project and selects a Funding Provider based on the qualitative and quantitative assessment criteria defined in the Call for Competition. If a Funding Provider is successful in a competition, it will then be awarded a contract.



The BHIVE DPS is organised by funding Lots. The funding Lots are:

- Lot 1: Equity Finance
- Lot 2: Asset Finance

When applying to join the BHIVE DPS, Funding Providers are required to indicate which funding Lot they are applying for and, for Lot 1 only, which Services they are able to provide.

- The Services for Lot 1 are set out in Annex 1. Funding Providers are required to indicate which Services they are able to provide. It is important that Funding Providers select the Services that are relevant to their service offering in order to be invited to the relevant Call for Competition.
- A Contracting Authority will select the funding Lot and, for Lot 1 only, the Services that are relevant to their requirements. This will result in a short-list of Funding Providers who will be invited to the Call for Competition.

Funding Provider Selection Stage

Funding Provider Selection Stage – Selection Questionnaire:

Funding Providers wishing to apply to the BHIVE DPS are required to register to create a ProContract account. To register for the ProContract system please follow the following link: <https://tp-heatnetworks.org/bhive/>

Funding Providers will then be required to complete a Selection Questionnaire (SQ). This comprises of standard questions, which cover both funding Lots, and specific questions relating to each Lot, which should be completed separately for each Lot the Funding Provider is applying for.

Funding Providers can apply as a single entity, or a lead entity with sub-contractor(s), or as a group of economic operators. As part of Section 1.2, Funding Providers will be asked to specify their approach and explain the relationships and roles for each entity.

- Lead entity with sub-contractor(s): the entity providing the Funding (as opposed to the Services) must complete the SQ as the lead contractor and must be the entity that will sign the DPS Agreement.
- Group of Economic Operators: The Entity that will sign the DPS Agreement must complete the questions in the standard selection questionnaire and you should use the Provider 2 and 3 standard questions for the additional entities in your group.
- Lead entity with sub-contractor (s) and Group of Economic Operators: Lot 1- Equity Finance specific questions should be completed as a single composite response for all entities.

The Lead Entity is responsible for the delivery of the services under the DPSA and would remain liable for the performance of obligations. A Provider would be prudent when stepping down obligations to do so on a back-to-back basis.

Any supporting evidence relating to the SQ will be requested via the ProContract System.

Funding Providers should not upload any attachments that the Administering Authority have not requested.

Funding Providers should make sure every applicable question within the SQ is answered in full.

Some of the responses requested in the SQ can be self-certified, although the Administering Authority reserves the right to request full supporting evidence at any time.

Following submission of an SQ by a Funding Provider, the Administering Authority then has 10 working days to evaluate and provide a response to the Funding Provider to determine if it has been successful or unsuccessful. This can be extended to 15 working days in exceptional circumstances.

Funding Providers will only be able to obtain access to Calls for Competition for the funding Lot and, for Lot 1 only, the Services for which they have pre-qualified.

Funding Providers who satisfy the selection criteria will be required to electronically sign the BHIVE DPS Agreement. This Agreement sets out the terms and conditions for Funding Providers who have been accepted onto the DPS.

If a Funding Provider is unsuccessful in its SQ submission, the Funding Provider may re-apply at any stage during the period of the DPS should it wish to do so.

Funding Provider Selection Stage: Grounds for Exclusion

In certain circumstances the Administering Authority is required by law to exclude Funding Providers from participating if they cannot answer 'No' to every statement in Section 2.1 (Mandatory grounds for Exclusion) of the Selection Questionnaire.

The Administering Authority is entitled (in its sole discretion) to exclude a Funding Provider from further participation if any of the statements in response to Section 2.2 (Discretionary grounds for Exclusion) of the Selection Questionnaire apply. If you cannot answer 'No' to every statement, it is possible that you will be excluded.

'Self Cleaning' (Covering both mandatory and discretionary exclusion):

- If a Funding Provider provides sufficient evidence that remedial action has taken place subsequently, that effectively "self cleans" the situation, the Administering Authority may decide not to exclude the Funding Provider from the request to participate. As a minimum, the Funding Provider will have to demonstrate that it has: (a) paid or undertaken to pay compensation in respect of any damage caused by any criminal offence or misconduct; (b) clarified the facts and circumstances in a comprehensive manner by actively collaborating with the investigating authorities; and (c) taken concrete technical, organisational and personnel measures that are appropriate to prevent further criminal offences or misconduct.
- The measures taken will be considered taking into account the gravity and particular circumstances of the criminal offence or misconduct.

Funding Provider Selection Stage: Financial and Economic Standing

We will undertake an assessment of a Funding Provider's economic and financial standing using the Dunn & Bradstreet Risk Indicator and report that you must provide as part of the SQ.

If a Funding Provider indicates as part of the SQ that a financial guarantor will be provided, as the Funding Provider does not initially meet the required Dunn & Bradstreet Risk Indicator score, the Administering Authority will assess the financial and economic standing of the guarantor using the Dunn & Bradstreet Risk Indicator and report .

The Dunn and Bradstreet report will be used to determine the level of financial risk you represent. If the Dunn and Bradstreet score meets or exceeds the Minimum Threshold Score, for the funding Lot which you have selected (as referenced in Table A - Financial Assessment Matrix) then your Request to participate will continue to proceed in the DPS Selection process.

N.B In the event that a Funding Provider is required to meet more than one of the Minimum Financial Threshold scores as detailed in the table below, Funding Providers will be assessed against the higher Minimum Threshold Score in the relation to the funding Lot it has selected.

Table A Financial Assessment Matrix

	Funding Lot 1: Equity Finance	Funding Lot 2: Asset Finance
Dunn & Bradstreet Risk Indicator - Minimum Threshold Score	2	2

If any of the following circumstances arise:

- the Dunn & Bradstreet Risk Indicator is less than the Minimum Threshold Score and/or;
- no Dunn & Bradstreet Risk Indicator is available for the Funding Provider’s organisation,

then the Administering Authority may ask for a copy of the Funding Provider’s audited accounts for the most recent two years and/or one or more of the following in respect of the Funding Provider organisation or the proposed financial guarantor (as the case may be):

- a statement of turnover, profit and loss account/income statement, balance sheet/statement of financial position and statement of cash flow for the most recent year of trading;
- a statement of cash flow forecast for the current year and a bank letter outlining the current cash and credit position; and/or
- an alternative means of demonstrating financial status.

The Administering Authority will use this information, in addition to a detailed credit reference agency report (where available) to assess whether the Funding Provider’s, or the proposed financial guarantor’s, financial risk is acceptable.

If the Administering Authority determines that the financial risk is acceptable, then the Funding Provider’s request to participate will continue to proceed through the DPS Selection Stage process.

If, after evaluating all the information requested and provided, the level of financial risk is still deemed unacceptable, or where the requested information has not been provided, then the Funding Provider will be rejected from further involvement in the BHIVE DPS procurement, until the Funding Provider is able to provide the required financial information and/or meet the Minimum Threshold Score.

Call for Competition Stage

Pre-market Engagement (optional)

Contracting Authorities may find it useful to communicate with funding providers ahead of the Call for Competition by undertaking a pre-market engagement exercise. All relevant Funding Providers will be contacted and will be provided with an outline of the Contracting Authority's requirements (e.g. a draft Investment Summary or Asset Finance Term Sheet). This stage is for informal information gathering and Funding Providers that do not engage at this stage will still be invited to participate in the Call for Competition.

Call for Competition - Information Day (Required for Lot 1, Optional for Lot 2)

For Lot 1 the Contracting Authority will be required to hold an information day as part of the Call for Competition process, where they will present the project and Funding Providers will have the opportunity to raise questions and/or provide comments. Information presented at the Information Day will be made available to all relevant Funding Suppliers.

Contracting Authority Call for Competition Written Submission (Required)

Contracting Authorities will publish a Call for Competition on the BHIVE DPS platform. A call for written submission is required for both Lot 1 and Lot 2.

Calls for Competition will be published and made visible to all Funding Providers who have successfully pre-qualified for the relevant funding Lot and, for Lot 1 only, the required Services. The Contracting Authority will produce the documentation required for the Call for Competition, including the assessment criteria, and will evaluate all the Call for Competition bid responses and make the contract award.

For each Call for Competition, a Tender Pack of relevant documentation will be published, including but not limited to the following:

- Lot 1: Project Specification (including an Investment Summary)
- Lot 2: Asset Finance Term Sheet
- The proposed contract:
 - For Lot 1, this will be the Call-Off Contract

- For Lot 2, Funding Providers will provide their proposed lease/asset finance agreement with their bid response
- The Response Requirements, including the assessment criteria
- Any relevant associated information

The timescales for return of tenders will reflect the nature of the funding and the Call for Competition requirements. Given the relative complexity of heat network projects, extended timescales for the return of tenders are likely for Lot 1.

An optional standstill period may be undertaken prior to contract award.

Contracting Authorities may request information that was self-certified via the SQ, prior to contract commencement.

The successful Funding Provider will enter into a contract with the relevant Contracting Authority based on the contract provided as part of the Call for Competition.

Contracting Authorities may enter into a contract with a Funding Provider for whatever period they deem most appropriate. The flexibility of the contracting period allows the Contracting Authority to determine the timelines that best meet their needs. This is likely to be particularly relevant for large and complex projects.

Management of the BHIVE DPS

TPIM will manage the BHIVE DPS as Agent of the Administering Authority, the Department for Business, Energy, and Industrial Strategy (BEIS). Amberside Advisors Limited (as part of the Triple Point Heat Networks group of companies) will lead the qualification process for appointment of Funding Providers and provide support to projects using the DPS. Contracting Authorities will run their own competitions, with support from their own specialist advisors and from Amberside Advisors Limited. Conflicts of Interest relating to TPIM's management of the BHIVE platform, if any and howsoever arising, will be managed in line with existing conflict management policies between the Administering Authority and the Triple Point Heat Networks group companies).

Selection and Award Criteria

Funding Provider Selection Criteria

The overarching criteria headings and scoring methodology that will be tested at Funding Provider selection stage to enable prequalification (on-boarding onto the platform) are:

Standard Selection Criteria	Scoring Methodology
Section 1 – Potential Supplier Information	Information Only
Section 2 – Exclusion grounds	Pass/Fail
Section 3 - Modern Slavery Act	Pass / Fail
Section 4 - Insurance	Pass / Fail
Section 5 - Cyber Essentials	Pass / Fail
Section 6 - Supplier Code of Conduct	Pass / Fail
Section 7 – Financial standing	Pass / Fail
Section 8 – Lots	Information Only
Section 9 - Declarations	Pass / Fail

Lot Specific Questions	Scoring Methodology
Lot 1 - Equity Finance	Pass/Fail
Lot 2 - Asset Finance	Pass/Fail & Scoring based on evidence provided.

Some SQ questions require evidence to be submitted in response, whereas responses to other questions may be self-certified. Questions requiring evidence will be scored as a pass where the evidence provides a clear and comprehensive description that is satisfactory and sufficient and that gives confidence of the Funding Supplier’s experience of successfully delivering the relevant funding or services. For further detail about the Selection Criteria please see the BHIVE DPS Selection Questionnaire.

Evaluation Criteria

It is anticipated that the weighting ranges for the technical and commercial award criteria for a Call for Competition will be:

Criteria	Percentage Weightings - to be set by the Contracting Authority during the Call for Competition Procedure
Quality	30% - 70%
Price / Funding Terms	30% - 70%

The evaluation criteria will be set and shared as part of the Response Requirements for each Call for Competition. The award criteria will be specific to each Call for Competition.

The evaluation criteria may be assessed on the basis of the following scoring methods:

- (i) Pass / Fail;
- (ii) Measured scoring i.e. minimum score required;
- (iii) Scored.

The evaluation criteria must be consistent with the award criteria set out in the DPS Agreement and may include, but not be limited to, areas such as:

Lot 1: Equity Finance

- Experience of the proposed team
- Resourcing commitment (including any resources the Funding Provider intends to provide through subcontractors)
- Pricing terms - for example, investor internal rate of return rate, financial close development fee, pricing of Services (e.g. for SPV management services)
- Willingness to accept development cost risk during the commercialisation stage of the project (i.e. before financial close)
- Percentage shareholding
- Debt pricing terms (if relevant)
- Work plan for delivering the Services required under the Project Development Agreement

- Qualification of the terms for the Strategic Partnering Agreement/Shareholders Agreement
- Any key assumptions underlying the bid, including an explanation of how the assumptions will be confirmed through due diligence
- Due diligence requirements following appointment (e.g. by reference to the HNIP Standardised Due Diligence Set)
- Ability to meet the programme to financial close

Lot 2: Asset Finance

- Pricing terms (e.g. lease margin)
- Non-pricing terms
- Qualification of the terms of the asset finance term sheet
- Quality of the proposed documentation

The Contracting Authority may request evidence that was self-certified by the Funding Provider in their SQ response. Failure to provide this evidence in a timely manner may result in the Funding Provider being ineligible for the contract award.

Application Pack

The BHIVE DPS Application Pack includes the following documents:

Both Lots

- DPS Agreement
- BHIVE Funding Provider Guide
- BHIVE Customer Guidance

Lot 1:

- Investment summary (see Annex 2)
- Standard Call-Off Contract - Schedule to DPSA
- Standard Shareholder Agreement - Schedule to Call-Off Contract

Lot 2:

- Asset Finance Term Sheet (see Annex 3)

Please make sure you read all the guidance, information, and instructions that we provide – they are there to help you to complete your request to participate.

DPS Charges

The DPS Charges comprise:

- the DPS Initial Charge; and
- in relation to Lot 1 only, the DPS Support Charge.

DPS Initial Charge

- Lot 1 only, a charge of one percent (1%) of the aggregate total of Lot 1 Funding;
- Lot 2 only, a charge of one percent (1%) of the capital cost of the equipment (excluding VAT),

DPS Support Charge

In relation to Lot 1 only, TPIM will agree with each Contracting Authority the nature and level of support to be provided by TPIM in respect of the Contracting Authority's heat network project. The Support Charge will depend on the size of the funding requirement, complexity of the project and affordability. The DPS Support Charge will not exceed two percent (2%) of the aggregate total of Lot 1 Funding.

Please note the following:

- The DPS Charges are payable by the successful Funding Provider to TPIM as Agent for the Administering Authority
- No charges will be payable until financial close of a project
- The charges payable will be clearly set out in the Call for Competition Tender Pack to allow Funding Providers to incorporate the fees into their bid responses.

General

Funding Provider conduct and conflicts of interest

Funding Providers must not attempt to influence the application process. For example, Funding Providers must not directly or indirectly at any time:

- Collude with others (outside of subcontractors and group of economic operators which are part of the bid) over the content and submission of bids.
- Canvass the Administering Authority's staff or advisors in relation to this competition.
- Attempt to obtain information from any of the Administering Authority's staff or advisors about another Funding Provider or bid.

Funding Providers must ensure that no conflicts of interest exist between the Funding Provider and the Administering Authority. If a Funding Provider does not tell the Administering Authority about a known conflict, the Administering Authority may exclude the Funding Provider from the competition. The Administering Authority may also exclude a Funding Provider if a conflict cannot be dealt with in any other way.

Confidentiality and Freedom of Information

Funding Providers must keep the contents of this bid pack confidential (including the fact that a Funding Provider has received it). This obligation shall not apply insofar as:

- enabling you to submit a bid; or
- compliance with a legal obligation

Publicity

Funding Providers must not publicise the award of any individual contract unless the Administering Authority and the Contracting Authority have both given express written consent. For example, Funding Providers are not allowed to make statements to the media regarding any bid or its contents.

The Administering Authority's rights

The Administering Authority reserves the right to:

- Waive or change the requirements of the bid pack from time to time without notice.
- Verify information, seek clarification, or require evidence or further information in respect of your bid.
- Exclude a Funding Provider if:
 - they submit a non-compliant bid;
 - their bid contains false or misleading information;
 - for any other reason set out elsewhere in the bid pack; and
 - for any reason set out in the Public Contract Regulations 2015.
- Terminate the DPS Agreement at any time.
- Make any changes to the timetable, structure, or content of the competition.

Bid Costs

The Administering Authority will not pay a Funding Provider's bid costs for any reason e.g. if the Administering Authority terminates or amends the competition.

Warnings and disclaimers

The Administering Authority will not be liable:

- where parts of the application pack are not accurate, adequate, or complete; or
- for any written or verbal communications.

Funding Providers must carry out their own due diligence and rely on their own enquiries.

This application pack is not a commitment by the Administering Authority to enter into a contract.

Intellectual Property Rights

The application pack remains the Administering Authority's property. Funding Providers must use the application pack only for this competition.

Funding Providers allow the Administering Authority to copy, amend and reproduce their applications so the Administering Authority can:

- run the competition;
- comply with law and guidance; and
- carry out its business.

The Administering Authority's advisors, Sub-Contractors and other government bodies can use Funding Providers' applications for the same purposes.

Annex 1

Lot 1 Services

1	Support and/or assistance in relation to financing a project, including the preparation of market facing documentation, testing market conditions, financial structuring, and negotiating and agreeing the terms of any other third party financing, including the relevant documentation. Funding Providers may be asked to procure senior debt offers as part of their Call for Competition Bid Response
2	Support and/or assistance in relation to the commercial structuring of heat network projects/transactions, including, inter alia: <ul style="list-style-type: none"> • in finalising the allocation of risk between the parties, including, inter alia, where relevant, one or more Contracting Authorities, equity investors, sub-contractors/suppliers, and customers • consideration of different contract and commercial options; and • finalising an agreed commercial/contract structure
3	Support and/or assistance in relation to the procurement of supply chain parties including, inter alia, for construction, operation, maintenance, and customer management
4	Support and/or assistance in appointing and managing third party advisers including legal and commercial advisers and due diligence advisers for any other third party funding
5	Support and/or assistance in setting, negotiating, and agreeing the commercial terms between the various project parties
6	Assistance with obtaining any relevant authorisations, approvals or consents in relation to the relevant heat network project
7	Assistance in the preparation of tender documentation, financial modelling, bid evaluation and contract negotiation support (including, inter alia, with senior debt and mezzanine debt providers), and agreeing other ancillary documentation required for financial close
8	Support and/or assistance in relation to managing any due diligence exercise e.g. technical, legal, financial, tax or insurance

9	Preparation of timetables of events, liaison with other parties and process management of the relevant heat network project
10	Support and/or assistance in project managing the commercialisation and financial close process
11	Support and/or assistance regarding the development and periodic update of a business plan for the special purpose vehicle
12	Provision of board directors and active participation in board meetings before, during and after financial close of the relevant project
13	Provision of SPV management services which may include management of insurance policies and ongoing credit monitoring of all material project counterparties until the SPV is self-sufficient in these activities
14	Support and/or assistance on value enhancement including project expansion, refinancing and cost management

Annex 2

Lot 1: Investment Summary Template

The headings below are intended only as a guide for Contracting Authorities. The Investment Summary will need to be tailored to your requirements and the specific characteristics of your project. The Investment Summary is intended to provide Funding Providers with sufficient information for them to be able to understand the project, the key risks, and the business plan/financial parameters, and to make a bid submission. As an indication of the level of detail required, the Investment Summary is expected to be no more than 20-30 pages, but this will depend in part on how developed the project is and the level of information that is available.

The successful Funding Provider may require detailed due diligence to be completed after they have been appointed, to verify the key assumptions underlying their offer.

1. Executive Summary

- Overview of the project
- Location
- Boiler (e.g. MW)
- Heat delivered at run rate
- Length of pipe
- Technology
- Customers (split between domestic and commercial, with key anchor loads named)
- Heat Source
- Overview of project development stage e.g. feasibility study, stage of design, outline business case, planning, permits, contracts, due diligence, agreed customer connections, associated terms of connection and critical milestones, etc
- Programme to financial close/ construction commencement
- Funding requirements
- Other funding available (e.g. HNDU, HNIP etc.)

2. Ownership structure and key project counterparties

- Special Purpose Vehicle (SPV) or other structure
- Current ownership percentages
- Any Liens or Encumbrances on the project

- Proposed ownership percentages after the transaction
- “Know your customer” information on existing shareholders
- A diagram summarising the key counterparties and split of responsibility
 - customers
 - SPV
 - principal construction contractor
 - key construction subcontractors
 - O&M contractor
 - Heat supplier

3. Project Team

- Customer team
- External team, including advisors (such as design, legal, financial and insurance advisors)

4. Construction Phase

- Design development
 - composition of external design team
 - summary of level of design carried out
 - programme for completion, including timeline to connect to retrofits and new builds.
 - consistency with regulations and codes of practice (e.g. part L building regulations)
 - heating/cooling plant
 - primary and secondary distribution systems
 - track record of working with developers
 - capex estimates
- Planning, consents and permits
 - planning permissions, easements, operating parameters etc
 - Environmental Impact Assessments
 - highways authority / rail / transport permissions
 - utility connection offers
 - Environment Agency licenses

- Technology
 - what technology/technologies are proposed to be utilised?
 - are they tried and tested?
 - plant sizing
 - suppliers
 - expected service life
- Primary and secondary distribution - description of networks
- Construction/EPC contract
 - ground condition, environmental and connection surveys
 - procurement stage/process
 - proposed construction/EPC contractor(s)
 - name
 - experience
 - financial information
- form of contract, key terms, and exclusions e.g.
 - scope
 - value
 - performance testing/guarantees
 - liquidated damages
 - liability caps
 - financial security / bonding
- breakdown of key components of construction price
- construction programme
 - key milestones
 - phasing
 - critical path
 - risk (e.g. long lead time items) / float
 - commissioning and testing

5. Operations, Maintenance and Customer Management

- Procurement stage/process
- O&M provider
 - name
 - experience
 - financial information
- Form of contract and key terms e.g.
 - scope – operations, maintenance, billing
 - value
 - performance testing/guarantees
 - financial performance incentives
 - liability caps
 - financial security / bonding
- Services self-performed by the SPV
 - scope
 - management and staffing
 - experience

6. Customers / Revenues

- Description of customers
- Distinction between commercial and domestic customers
- Financial and heat load information on anchor-load customers
- Connection charges, including the basis for calculation (e.g. what is the counterfactual)
- Charging regime and indexation
- Status of commitments to connect and commitments to pay any applicable connection charges.
- Term of connection agreement
- Terms of energy services agreement, does this cover exclusive use of the network for the provision of heat? Does it cover conditions for disconnection?
- Contractual underpinning for revenues
- Timeline over which the customers and load will connect.

7. Business Plan and Financial Projections

- Key outputs from the financial model
 - capex
 - repex (replacement of major components)
 - revenues
 - operational costs (including split by fuel, fixed and variable)
 - EBITDA
 - tax
 - shareholder cashflows
 - funding requirement and any other funding sources sought (e.g. HNIP, HNDU etc)
- Key assumptions underpinning the revenues, operational costs, capex and repex
 - principle risks
 - considerations
 - analysis
 - parameters
- Key ESG performance indicators e.g. CO2 avoided
- Key upsides
 - Possibility to retrofit nearby buildings
 - Planned future connection points

Annex 3

Lot 2: Asset Finance Term sheet

The headings below are intended only as a guide for customers. The Asset Finance Term sheet will need to be tailored to your requirements and the specific characteristics of your project. The Asset Finance Term sheet is intended to provide funding suppliers with sufficient information for them to be able to understand the project and to make a bid submission.

The successful funding supplier will be required to provide a copy of their proposed lease documentation alongside their response.

Heading	Note
Type of Lease	Full Payout Lease Residual Value Lease
Purpose of facility including rationale for acquisition	
Asset	
Capital Cost of the Asset	£ + VAT
Term	In Years
Repayment Profile	Quarterly, Annually etc. Advance or Arrears payments Payment holidays Balloon Payments
Anticipated Start Date / Anticipated signing date (if different)	
Drawdown Profile	Is a prelease agreement required? Are stage payments required? Will there be one lease or multiple schedules?
Lessee (Obligor)	Signatory of the lease
Guarantor (if applicable)	
Supplier	
Manufacturer	
Maintenance / Service Provider	

Asset Details	Description Itemised values Specification Will the asset become a fixture? Age of asset Warranty/Guarantee details Maintenance/service details
Asset Location	Include details of land leasehold/freehold where applicable
Insurance Details	Insurer Policy Cover limit Exclusions
End of Lease requirements	Sales Agency Peppercorn Rentals Stated Residual Value Fair Market Value Extensions
Specific Documentation Requirements	Specific terms the Obligor requires the Lessor to include within the lease documentation provided

Annex 4

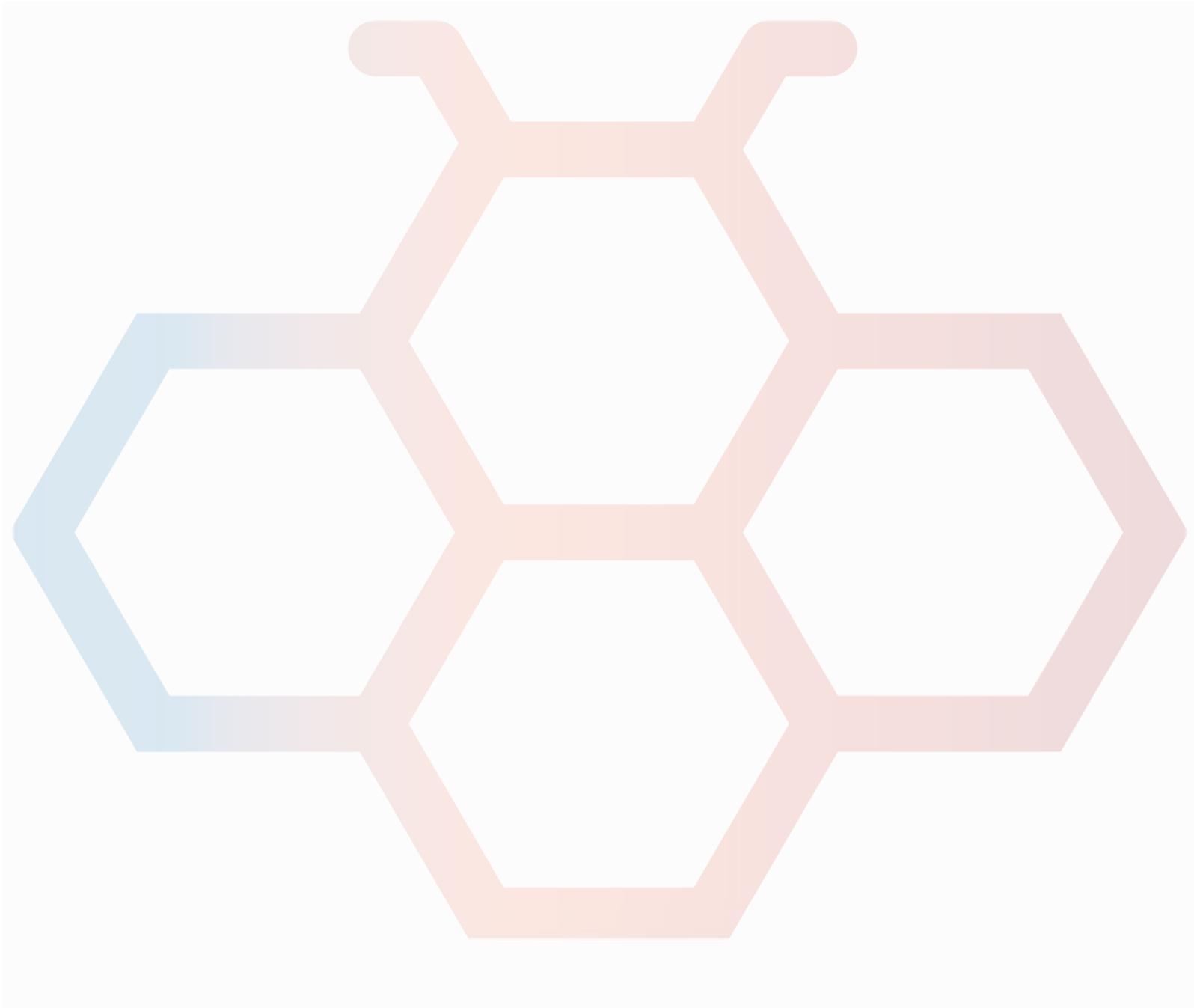
Conflicts

Potential conflicts of interest:

There are two conflict concerns that we are aware may impact on this procurement, the first is where suppliers have existing conflicts, and the second is where the delivery of requirements will create conflicts with future work. The approach to these conflicts is set out below:

- i. Where suppliers have existing interests or involvements which could affect the actual or perceived impartiality of the delivery any contracts awarded under this DPS suppliers will be expected to:
 - a. Disclose the conflict of interest during any the procurement and put forward working arrangements / mitigations to prevent the work being influenced (or perceived to be influenced).
 - b. The Administering Authority will review the working arrangements / mitigations plan and take a view on if they think this is sufficient to allow the suppliers to continue in the competition, if any further mitigations needs to be put in place, or if the suppliers should be excluded from the procurement.
- ii. To mitigate the delivery impacts on any future contract awarded under the DPS, future known or unknown conflicts for suppliers in the delivery of future projects, the following approach will be adopted:
 - a. Disclose the conflict of interest during any competition/procurement and put forward working arrangements / mitigations to prevent the work being influenced (or perceived to be influenced).
 - b. The Administering Authority will review the working arrangements / mitigations plan and take a view on if they think this is sufficient to allow the suppliers to continue in the competition, if any further mitigations needs to be put in place, or if the suppliers should be excluded from the procurement.

A Conflicts of Interest Declaration Form will be available on request from BHIVE@tp-heatnetworks.org



This publication is available from: <https://tp-heatnetworks.org/bhive/>

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