

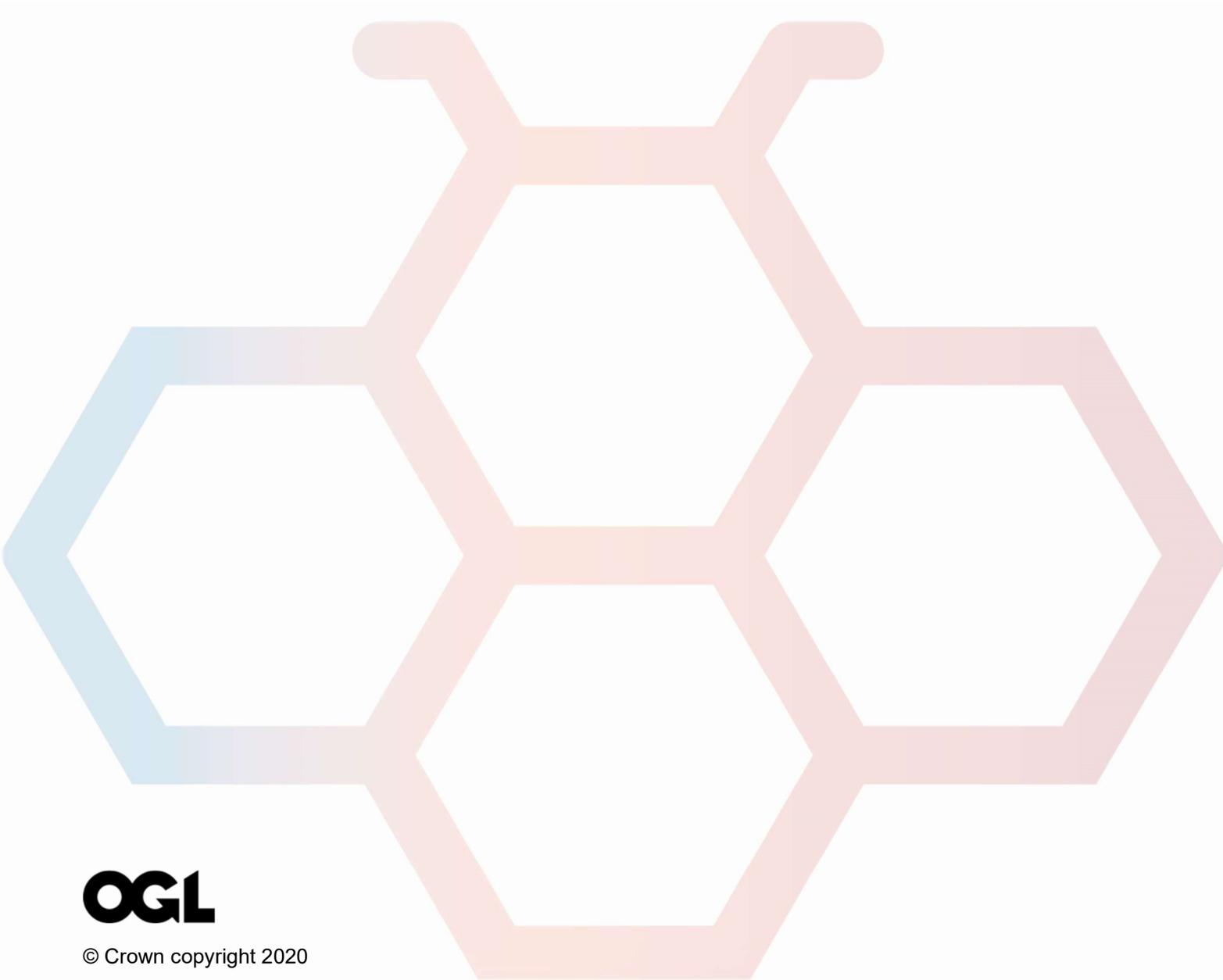
BHIVE Dynamic Purchasing System

Provider Guide

April 2021



Department for
Business, Energy
& Industrial Strategy



OGL

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BHIVE@tp-heatnetworks.org

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Introduction

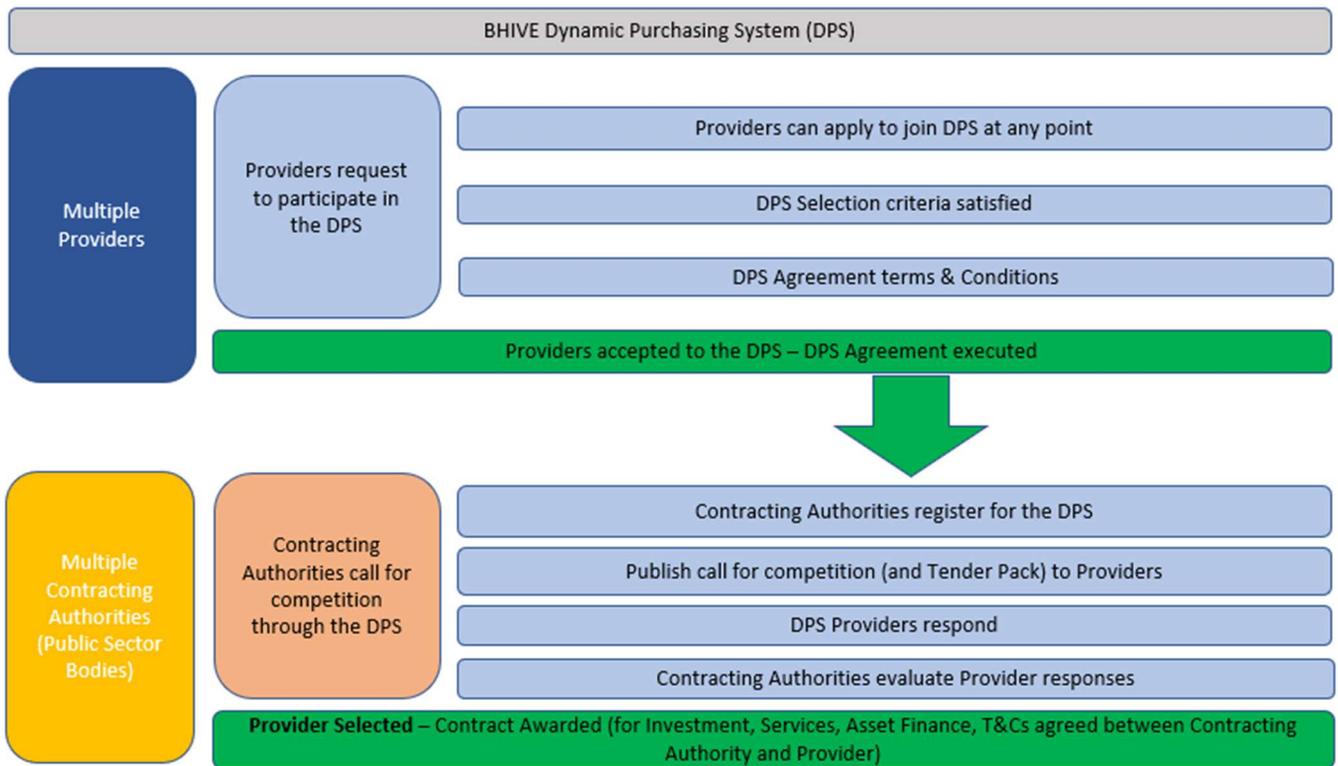
The Department for Business, Energy and Industrial Strategy (the “Administering Authority”) is seeking to establish a Dynamic Purchasing System (“DPS”) for heat networks - the BEIS Heat Investment Vehicle (“BHIVE”) DPS. The BHIVE DPS will allow public sector heat network owners/developers in England and Wales (referred to as Contracting Authorities) to procure services ancillary to an equity investment, and asset finance, into their Heat Network Projects, from a range of potential providers (referred to as “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 Public Contracts Regulations 2015 (“PCR 2015”). 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 PCR 2015 and/or Schedule 1 PCR 2015.

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 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 in to two Lots, as follows:

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

For Lot 1, Contracting Authorities may ask Providers to provide a range of services which are ancillary to the funding. 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.

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

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

What is the duration of BHIVE?

The initial term of the BHIVE DPS expires on 31 March 2023 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 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 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 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.

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

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 Providers and Contracting Authorities:

- A simpler and quicker process for Providers.
- A faster process for Contracting Authorities to access Providers.
- Use of an automated, electronic process, to streamline procurement.
- A more flexible way for 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 Providers to request to participate	4 December 2020
DPS Open to Contracting Authorities for Call for Competition	April/May 2021

How does BHIVE work?

Platform

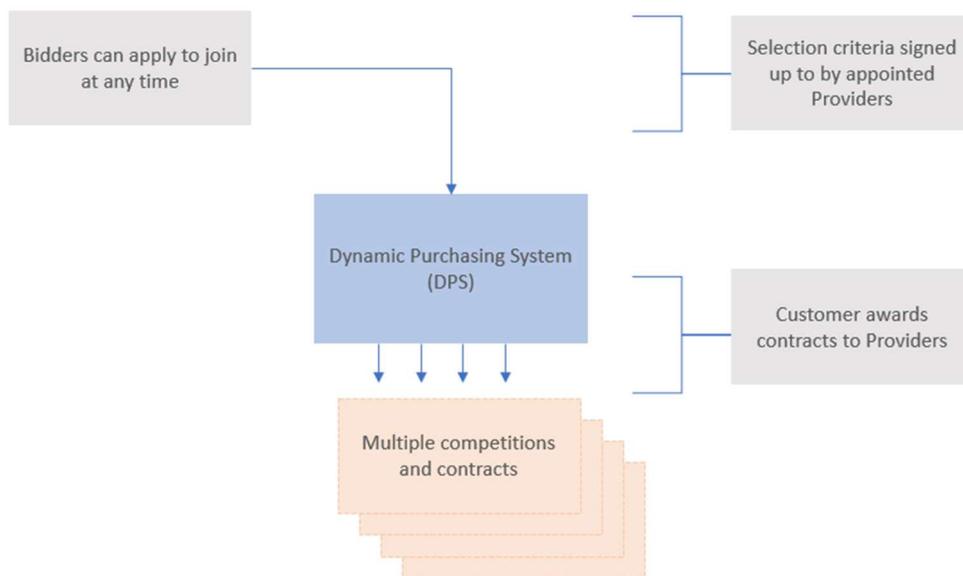
The DPS is a wholly electronic process. This will be managed by Triple Point Investment Management LLP (“TPIM”), through the ProContract e-procurement system. There is no charge for Providers to get appointed to the ProContract System².

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

Providers will access opportunities on BHIVE through a two-stage process. The first is the selection stage, where Providers answer a series of questions in response to a Selection Questionnaire (SQ). to pre-qualify for a particular funding Lot. Once qualified as a 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 Provider based on the qualitative and quantitative assessment criteria defined in the Call for Competition. If a 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, 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. Providers are required to indicate which Services they are able to provide. It is important that 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 Providers who will be invited to the Call for Competition.

Provider Selection Stage

Provider Selection Stage – Selection Questionnaire:

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/>

Providers will then be required to complete the 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 Provider is applying for.

Providers must ensure that the entity signing the DPS Agreement is able to provide the Services and meet all the obligations under the DPS Agreement, including the insurance and the cyber essentials requirements. Providers submitting responses for Lot 1 will need to respond to Lot 1 question 1.9 to describe the structure of their bidding group, including which entities will sign the DPS Agreement, any future Call Off Contracts, and the Shareholders Agreement. The entity signing the Shareholders Agreement may be different from the entity signing the DPS Agreement and future Call off Contracts but must be named as part of the response. Providers can apply as a single entity, or a lead entity with sub-contractor(s), or as a group of economic operators (the bidding model chosen should be outlined in Section 1.2, as well as for Lot 1 in Lot 1 question 1.9)

Single Entity: The entity applying must be able to provide both the Services and the Funding. The SQ should be completed on behalf of the single entity and that entity must sign the DPS Agreement, Call off Contracts and Shareholders Agreement.

- Lead entity with sub-contractor(s): the entity providing the Services (as opposed to the Funding) must complete the SQ as the lead entity and must sign the DPS Agreement and any Call off Contracts. The Shareholders Agreement may be signed by the lead entity or by a named subcontractor (for example, where the lead entity is a fund manager and a fund is the named subcontractor). If the lead entity is relying on one or more subcontractors to meet the selection criteria, then each subcontractor must complete the standard questionnaire as per the table on p.19 of this guidance document, using the *Provider 2* set of questions (*and Provider 3* where applicable).
- Group of Economic Operators: The entity providing the Services (as opposed to the Funding) must sign the DPS Agreement and any Call Off Contracts. The Shareholders Agreement may be signed by the lead entity or by another named entity on the group. The lead entity must complete the questions in the standard selection questionnaire and the *Provider 2 and Provider 3* standard questions should be completed for each additional entity in your group, as per the table on p.19 of this guidance document.

Lead entity with sub-contractor (s) and Group of Economic Operators: Lot 1- Equity Finance specific questions can be completed as a single composite response for all

entities. Please note that only one entity providing the Funding can be named in each SQ submission (for example, where a fund manager has multiple funds, then separate SQ submissions must be made for each fund, even where the same fund manager is the lead entity in each case).

The table below shows the entity that should sign each document and complete the relevant sections of the SQ.

	Single entity	Lead entity with subcontractors	Group of Economic Operators
DPS Agreement	Single entity must be able to provide Services, funding and meet all obligations under DPSA	Entity providing Services & able to meet all the obligations under the DPSA (the Lead Entity)	Entity providing Services & able to meet all the obligations under the DPSA (the Lead Entity)
Call off Contract	Single entity	Lead Entity	Lead Entity
Shareholders Agreement	Single entity	Lead Entity or the named subcontractor providing Funding.	One named entity in the group that is providing Funding.
Standard SQ	Single entity	Lead Entity	Lead Entity
Provider 2 & 3	N/A	Subcontractors	All additional entities within Group of Economic Operators
Lot Specific Questions	Single entity	Composite response	Composite response

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

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

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 as per PCR 2015, although the Administering Authority reserves the right to request full supporting evidence at any time and request reconfirmation of the self-certification/evidence at any time.

Providers must notify the Administering Authority of any adverse change in their financial standing or changes to other information provided if this change happens after submission of their SQ response. Providers must notify the Administering Authority of any change in control, composition or membership (including in relation to consortium bids). The Administering Authority reserves the right to re-test Providers as required, which may affect their eligibility on the DPS.

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

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.

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 Providers who have been accepted onto the DPS.

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

Provider Selection Stage: Grounds for Exclusion

In certain circumstances the Administering Authority is required by law to exclude 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 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 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 Provider from the request to participate. As a minimum, the 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.

Provider Selection Stage: Financial and Economic Standing

We will undertake an assessment of a Provider’s economic and financial standing using the Dun & Bradstreet Risk Indicator and report that you must provide as part of the SQ. We will assess each entity named in the SQ, i.e. including named subcontractors or entities within a Group of Economic Operators.

If a Provider indicates as part of the SQ that a financial guarantor will be provided, as the Provider (/any entity named in the SQ) does not initially meet the required Dun & Bradstreet Risk Indicator score, the Administering Authority will assess the financial and economic standing of the guarantor using the Dun & Bradstreet Risk Indicator and report.

The Dun and Bradstreet report will be used to determine the level of financial risk you represent. If the Dun 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.

Table A Financial Assessment Matrix

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

If any of the following circumstances arise:

- the Dun & Bradstreet Risk Indicator is less than the Minimum Threshold Score and/or;
- no Dun & Bradstreet Risk Indicator is available for the Provider’s organisation,
- no guarantor is available to provide these.

then the Administering Authority may ask for a copy of the Provider’s audited accounts for the most recent two years and/or one or more of the following in respect of the 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 the Dun and Bradstreet report (where available) to assess whether the Provider's, or the proposed financial guarantor's, financial risk is acceptable. The assessment will be carried out in line with the guidance "Assessing and monitoring the economic and financial standing of bidders and suppliers- June 2020". The minimum thresholds will be set at a medium risk level for a bronze procurement. If the Administering Authority determines that the financial risk is acceptable, then the 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 Provider will be rejected from further involvement in the BHIVE DPS procurement, until the 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 Providers ahead of the Call for Competition by undertaking a pre-market engagement exercise. All relevant/capable 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 Providers that [choose] 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 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 Providers.

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 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, 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 be proportionate to the complexity of the proposed contract 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 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 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 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

Provider Selection Criteria

The overarching criteria headings and scoring methodology that will be tested at Provider selection stage to enable prequalification (on-boarding onto the platform) are set out below, along with which entity will be assessed for each Section:

Standard Selection Criteria	Scoring Methodology	Lead Entity	Each Subcontractor(s)	Each additional Entity in Group of Economic Operators
Section 1 – Potential Supplier Information & Declaration	Information Only	Yes – Main Standard SQ	Yes – using Provider 2 and Provider 3 responses	Yes – using Provider 2 and Provider 3 responses
Section 2 – Exclusion grounds	Pass/Fail	Yes – Main Standard SQ	Yes – using Provider 2 and Provider 3 responses	Yes – using Provider 2 and Provider 3 responses
Section 3 - Modern Slavery Act	Pass / Fail	Yes – Main Standard SQ	No	Yes – using Provider 2 and Provider 3 responses
Section 4 - Insurance	Pass / Fail	Yes – Main Standard SQ	No	Yes – using Provider 2 and Provider 3 responses
Section 5 - Cyber Essentials	Pass / Fail	Yes – Main Standard SQ	No	Yes – using Provider 2 and Provider 3 responses

Section 6 - Supplier Code of Conduct	Pass / Fail	Yes – Main Standard SQ	No	Yes – using Provider 2 and Provider 3 responses
Section 7 – Financial standing	Pass / Fail (Company information sections for Guarantor (if applicable) are information only.)	Yes – Main Standard SQ	Yes – using Provider 2 and Provider 3 responses	Yes – using Provider 2 and Provider 3 responses
Section 8 - Data Protection Legislation & General Data Protection Regulation	Pass / Fail	Yes – Main Standard SQ	No	Yes – using Provider 2 and Provider 3 responses
Section 9 – Lots	Information Only	Yes – Main Standard SQ	No	No
Section 10 - DPSA	Pass / Fail & Information Only	Yes – Main Standard SQ	No	No

Lot Specific Questions	Scoring Methodology	How to complete?
Lot 1 - Equity Finance	Pass/Fail (1.3 and 1.9 Information only)	As a single composite response.
Lot 2 - Asset Finance	Pass/Fail (1.1,1.3, 1.6) & Scoring based on evidence provided (remaining questions)	As a single composite response.

Some SQ questions require evidence to be submitted, 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 Provider’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/staff where the quality of the staff assigned can have a significant impact on the level of performance of a contract

- Resourcing commitment (including any resources the 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 can request the Provider's SQ response, ask for updates to responses and/or ask the provider to reconfirm any data/information. This includes evidence for any of the responses that were self-certified as part of the SQ and any other information which is permitted to be requested pursuant to the Public Contracts Regulations 2015.

Application Pack

The BHIVE DPS Application Pack includes the following documents:

Both Lots

- DPS Agreement
- BHIVE 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 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 Providers to incorporate the fees into their bid responses.

General

Provider conduct and conflicts of interest

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

- Collude with others (outside working with 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 Provider or bid.

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

Confidentiality and Freedom of Information

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

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

Publicity

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, 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 Application Pack from time to time without notice.
- Verify information, seek clarification, or require evidence or further information in respect of your bid.
- Exclude a Provider if:
 - they submit a non-compliant bid;
 - their bid contains false or misleading information;
 - their status changes in any way and they no longer meet the selection criteria at any time after admission to the DPS.
 - for any other reason set out elsewhere in the Application Pack; and
 - for any reason set out in the PCR 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 Provider's bid costs or any costs borne or incurred for any reason in relation to requesting to participate in the DPS (e.g. if the Administering Authority terminates or amends the competition) or in relation to any costs borne or incurred in relation to taking part in any future call for competition.

Warnings and disclaimers

The Administering Authority will not be liable:

- where parts of the Application Pack are not accurate, adequate, or complete (nor will any express or implied warranty be given as to the accuracy, adequacy or completeness); or
- for any written or verbal communications,

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

This Application Pack is not a representation or a commitment by the Administering Authority to enter into a contract and there is no guarantee of any future Call Off Contract to any Provider who is admitted to the DPS



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. 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 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 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

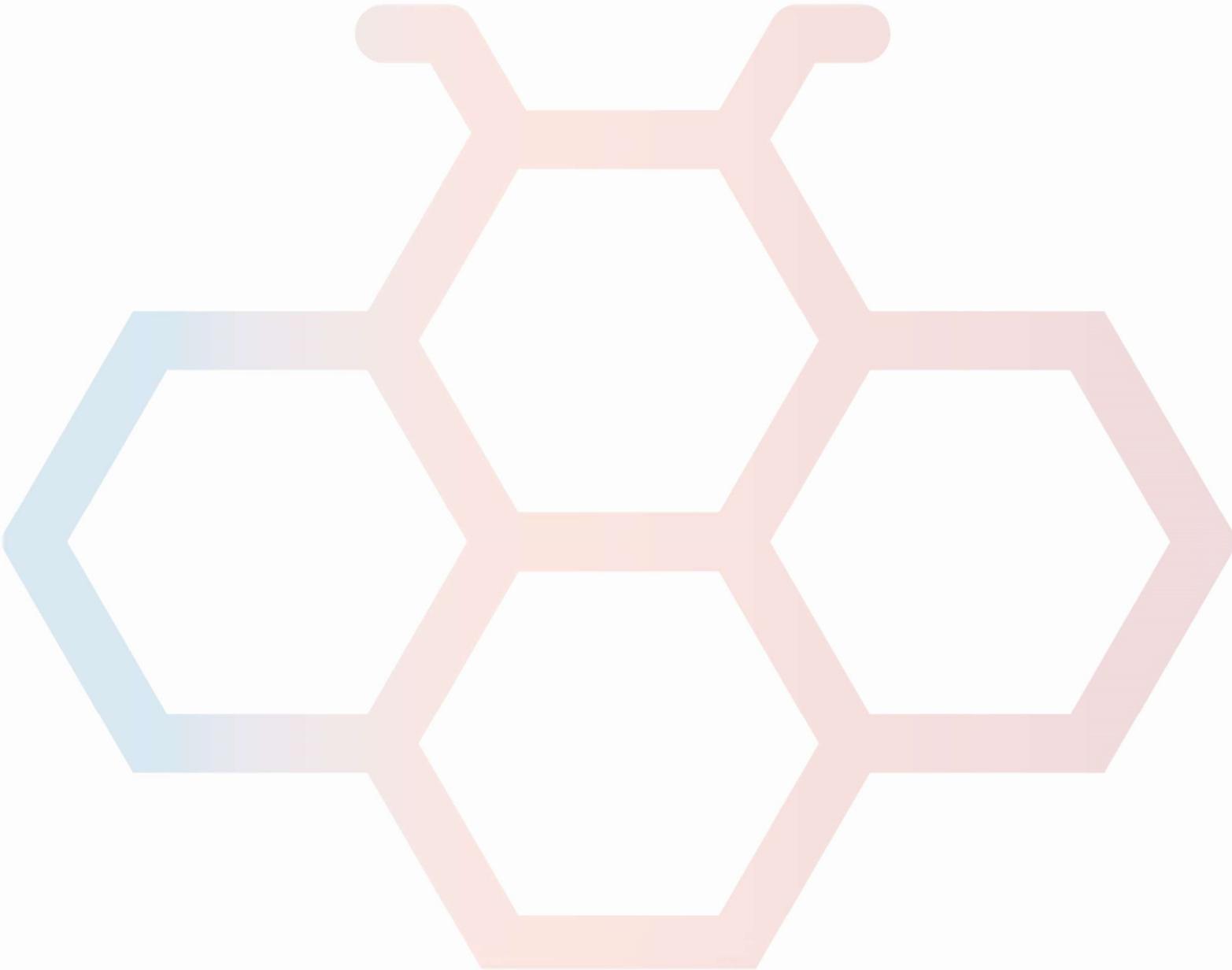
Lot 2: Asset Finance Term sheet

The headings below are intended only as a guide for Contracting Authorities. 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 Provider with sufficient information for them to be able to understand the project and to make a bid submission.

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



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