Bid Assessment Framework

March 2021

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Thames Water Bid Assessment Framework

A Introduction

A1. This is Thames Water Utilities Limited's (Thames Water's) Bid Assessment Framework (BAF). It sets out the policies and processes that will apply for assessing bids from third parties for solutions that will help Thames Water meet its future water needs.

Why has Thames Water issued a BAF?

A2. Thames Water wants to encourage third parties to submit bids for solutions covering water resources, demand management and leakage services that create value for customers. These solutions will help Thames Water meet its future water needs, as identified in our Water Resources Management Plan, and benefit our current and future customers. The solutions could also help the resource position in the wider South East, where Thames Water is working closely with other companies within the Water Resources South East group (WRSE) to develop a regional plan for WRMP24. In the context of the BAF, third parties can be independent entities or other water companies (also known as incumbents) from outside the Thames Water area.

A3. The BAF provides clarity to third parties on the policies and process that will apply and how their bids will be assessed. The BAF is based on the key procurement principles of transparency, equal treatment, non-discrimination and proportionality.

A4. Thames Water currently publishes information for third parties, and the BAF should be read in conjunction with Thames Water's

- Network Access Code;
- Water Resources Market Information;
- Trading and Procurement Code; and
- Water Resources Management Plan.

A5. The Network Access Code sets out in detail the operational and commercial arrangements that govern applications for use of, and supply from, our supply system for the purposes of competition under the Water Supply Licensing (WSL) provisions. Where we seek to trade water, we will base these trades on our Access Code. The latest version of the Access Code is available on our website, at https://www.thameswater.co.uk/media-library/home/wholesale/document-library/access-code-and-compliance-code/access-code-2020.pdf.

A6. The Water Resources Market Information (WRMI) sets out in detail for each of our Water Resource Zones (WRZ) information about our supply-demand balance, supply and demand forecasts, water treatment capacity and the costs of possible supply and demand options. The information is available to encourage third parties to seek opportunities to trade with us. The latest version of the WRMI is available on our website at https://corporate.thameswater.co.uk/About-us/our-strategies-and-plans/water-resources/water-resources-market-information.

A7. The Trading and Procurement Code sets out in detail the policies, principles and requirements that will apply when Thames Water trades with appointed water companies and other service providers (collectively "third parties"). The latest version of our Trading and Procurement Code can be found on our website at https://www.thameswater.co.uk/media-library/home/about-us/regulation/water-resources/trading-and-procurement-code.pdf.

A8. The Water Resources Management Plan (WRMP19) sets out in detail how we plan to provide a secure and sustainable supply of water for our customers over the 80 years from 2020 to 2100. Our WRMP19 is available on our website at https://corporate.thameswater.co.uk/About-us/our-strategies-and-plans/water-resources.

A9. This information, together with the BAF, will support innovation and the development of the bidding market for water resources, demand management and leakage services.

A10. In addition to the material already available, WRSE published a regional Initial Resources Position Statement (IRPS) in March 2020, available from: http://www.wrse.org.uk/. The statement sets out the water that we anticipate will be required in the future across the South East region. It features data tables which complement Thames Water's WRMI tables (referenced above) by providing a regional view of this information which incorporates further forecasting relating to climate change amongst other factors. This information is published at WRZ level which provides potential third parties and new entrants with the opportunity to explore the development of new solutions to meet regional and company supply demand deficits. This complements companies' BAFs by providing potential entrants with a regional overview of the company level requirements. WRSE will be updating this information by publishing its 'Future Water Resource Requirements for South East England – a summary of our planning challenge and options (Spring 2021)' (FWRR) in Spring 2021.

A11. Thames Water has a long tradition of trading water resources with other water companies and third parties. The publication of the BAF is likely to lead to an increase in the number of third party bids we receive and consequently increase competition and innovation in the delivery of water resources, demand management and leakage services. Thames Water will measure the number of third party bids it receives each year broken down by the type of service being proposed. This will be used as part of our annual review of the BAF process.

Structure of this document

A12. This document is structured as follows:

- Section B provides an overview of the bid assessment process and key principles and policies underlying it.
- Section C explains how Thames Water will engage with third parties and help them identify opportunities to bid.
- Section D sets out Thames Water's processes and policies for assessing bids for consideration within the Water Resources Management Plan process.

- Section E sets out Thames Water's processes and policies for assessing bids for services covered by the Utilities Contract Regulations 2016 (UCR16).
- Section F sets out Thames Water's BAF complaints and escalation process.
- Section G details the governance processes in place to ensure the bid assessment process is transparent and that all potential suppliers are treated equally.

B Overview of the BAF

Key principles

B1. The key principles underlying the Thames Water BAF are:

- Transparency – the process for selecting third parties and the award criteria is transparent to all bidders. This also ensures the principle of equal treatment and non-discrimination is followed at each step of the bid assessment process.
- Equal treatment – all bidders have an equal opportunity to bid and compete for a potential contract (unless a difference in treatment can be objectively justified). Appropriate measures have been identified and are included in the BAF to identify, prevent and remedy any potential conflicts of interest arising from the procurement process. This avoids the potential distortion of competition and provides equal treatment of all bidders.
- Non-discrimination – there is an objective comparison of all bids received based on a published set of criteria. This also applies to the consideration of bids against Thames Water's own in-house solutions.
- Proportionality – the measures taken within the BAF are appropriate for attaining the objective pursued and do not go beyond what is necessary to achieve it. For example, when designing the specification for a contract, or applying the pre-qualification criteria to a particular type of bid.

What the BAF provides

B2. The BAF provides third parties with greater clarity about Thames Water's processes and policies for assessing bids, including:

- details of the pre-qualification stage;
- specifications required;
- timings for submitting bids;
- evaluation criteria and target timescales for decisions; and
- complaints processes.

B3. Together, the policies and processes outlined in the BAF will provide assurance to third parties that they will receive equal treatment during the process, in particular that any bids they submit will be assessed on a fair and consistent basis without discriminating against any third party.

B4. The BAF applies to the following services covering Thames Water's future water needs:

- Water Resources: services that help meet Thames Water customers' future water needs, in particular where Thames Water has a water deficit.
- Demand management: the implementation of measures which serve to control or influence the consumption or waste of water at any point along the supply network.
- Leakage solutions: services that control the sum of distribution losses (on trunk mains, service reservoirs, distribution mains and communication pipes) and underground supply pipe lines (between the point of delivery at a property and the point of consumption) (Leakage control) or control the loss of treated water through leaks in the distribution pipework, either by active leakage control or by replacing whole sections of pipe (mains replacement) (Leakage reduction).

B5. The scope of the above detailed solutions can vary significantly in terms of cost, duration and complexity. Leakage or demand management services are procured separately under the UCR16. The resulting balance of water resource needs is met by assessing any of Thames Water's own proposed solutions (internal solutions) against solutions offered by the market, and this BAF sets out how Thames Water will assess such solutions (internal and from the market):

- for water resource solutions to be included in its WRMP programme;
- for water resource bids at any time which seek to offer better value for money to those solutions in its WRMP programme; and
- to meet any additional water resource requirement outside its WRMP programme which needs to be put in place before its next WRMP planning cycle.

B6. Thames Water has the option to contract a number of leakage and demand management services under the Infrastructure Alliance for Asset Management Period 7 (AMP7) with a further possible extension into Asset Management Period 8 (AMP8). Thames Water has bundled a number of these services together with the aim of realising the benefits of (a) longer-term assurance and stability working with the supply chain to ensure our needs over the longer-term are being planned for and delivered resiliently; (b) longer-term training and development programmes to ensure that Thames Water can develop people for the future needs of our business; and (c) programme management opportunities in procurement and in-life management to better flex resources and delivery routes to meet requirements. Thames Water will review this over the period and consider running a Utilities Contract Regulations 16 (UCR16) procurement process as and when the need arises. Thames Water will also be open to discussing new ideas with third parties during the period (although any future procurement would need to be in accordance with the UCR16).

B7. Thames Water will begin its market engagement by publishing a Periodic Indicative Notice (PIN) in the Official Journal of the European Union (OJEU) and the U.K. Find a Tender service at the start of each WRMP planning cycle. The PIN refers to our future water needs and describes the process by which third parties may contact us to propose a water resources, demand management or leakage services solution to help fulfil this need. Third parties may contact Thames Water at any time to register their interest, however the proposal may at Thames Water's discretion be considered for inclusion within the WRMP29 process rather than the WRMP24 process, depending on

the point in the process at which the proposal is received. Proposals which are clearly beneficial, robust and which are smaller in terms of volume of water delivered (Ml/d) are more likely to be considered for inclusion in our programme sooner in the planning process.It should be noted that proposals for leakage and demand management services that are already covered by current framework agreements will be directed to contact Thames Water when we are next procuring for this need, as the WRMP process is not used to directly procure demand management or leakage services. We will also take account of the IRPS/FWRR and other information published by WRSE, as part of regional planning.

B8. Thames Water is always open to new ideas and proposals for leakage or demand management services and invites the market in its PIN to submit proposals that are different or better value than the current services provided to Thames Water. Thames Water will, in its water resources market information, give details of its planned leakage or demand management services. Any third party submissions will be considered carefully by Thames Water as to whether it should procure additional services or re-procure existing services, but any such procurement will be under the UCR16. Submissions of leakage or demand management services proposals in response to the PIN will be treated as pre-procurement market engagement in advance of procuring additional or replacement leakage or demand management services under separate UCR16 procurement; and this BAF will not alter or affect the running of a UCR-compliant procurement.

How the BAF complies with existing obligations

B9. The BAF builds on existing processes and obligations, in particular:

- WRMP planning requirements – Thames Water's WRMP process provides transparency leading up to the preparation of its WRMP. The BAF complements the WRMP process by clearly specifying, from the outset, the need and evaluation criteria that will be used to appraise third party bids, increasing the transparency of the appraisal process. Furthermore, it reinforces Thames Water's approach of appraising third party options fairly and transparently against Thames Water's in-house bids (i.e. a bid prepared and submitted by a team within Thames Water) at each stage of the WRMP process.
- Procurement Rules and Principles – Thames Water is obliged to adhere to Procurement Rules and Principles, which include obligations to ensure transparency, equal treatment / non-discrimination for all potential bidders and proportionality. These principles are aligned with the principles included in Thames Water's Trading and Procurement Code of negotiating and trading with entities on a fair, reasonable, sustainable and transparent basis.
- Competition Law - The BAF will not artificially narrow competition (i.e. where the design of the procurement is made with the intention of unduly favouring or disadvantaging certain or all parties); distort competition in the market by abusing a dominant buyer position (for example, through an unfairly low purchase price); or facilitate collusion between third parties by disclosing confidential bid information.
- Statutory/ Regulatory Obligations –The BAF seeks to ensure compliance with the requirements under our Instrument of Appointment, particularly those in Condition E

and Condition E1 which prohibit undue preference towards or undue discrimination against third parties and restrict how we use third parties' information.

B10. It should be noted that the Bid Assessment Framework will be applied even when contracts are below the financial threshold of procurement legislation.

B11. Thames Water will review the BAF on an annual basis to determine whether updates to the policies and processes are required based on feedback from third parties and/or changes in regulations or the law.

C Market engagement

Overview

C1. Thames Water seeks to provide transparency to third parties, allowing identification of new opportunities to bid for water resources, demand management and leakage services by publishing:

- Our WRMP at least every five years, setting out our water needs.
- A PIN, at least every five years, notifying third parties of our intentions to procure water resources, demand management and leakage services.
- Water resources market information updated in line with updates to the draft and final WRMP.
- A rejection register, updated on an ongoing basis, which lists types of solutions that have been assessed within WRMP and considered not viable, and the reason for this.

C2. This information will be made available on Thames Water's website where third parties can also find:

- the BAF document;
- the latest Thames Water WRMP;
- contact details for Thames Water;
- links to any other relevant information, including the WRSE's IRPS/FWRR for the South East;
- a complaints form; and
- a feedback form to capture any ideas for improvement.

Water Resources Management Plan

C3. The Water Resources Management Plan 2019 (WRMP19) sets out how Thames Water plans to provide a secure and sustainable supply of water to its customers over the 80 years from 2020 to 2100. It sets out the water volume requirements on a geographic basis (across six water resource zones) and over time, covering the next 80 years. The WRMP19 has been developed through extensive stakeholder engagement and consultation, conforming to UK legislation and Environment Agency guidelines.

C4. We are working with other companies as part of WRSE towards the strategic development of a regional plan for WRMP24. This will play an important role in improving the resilience of the South East region.

C5. The WRMP19 and Market Information (WRMI) tables that accompany it, along with the WRSE IRPS/FWRR, specify the need for future water that third parties can bid solutions for under the BAF. This need information allows bidders to consider bidding for new and innovative solutions to deliver all or part of Thames Water's requirements. It should be noted that this need can change over time; should this occur, Thames Water will update its WRMI tables in line with this so that third parties have the most up to date information.

The Periodic Indicative Notice (PIN)

C6. The PIN, details of which can be found in section B7, will be published in the OJEU and the U.K. Find a Tender service and notifies third parties of Thames Water's overall approach to water resource related procurement at the start of each WRMP planning cycle.

Market Information

C7. Thames Water publishes Supply-Demand Balance (SDB) information at the WRZ level in its WRMI tables on its website so that third parties can, as far as possible, access the same data as Thames Water's in-house teams when considering a proposed solution and submitting a bid.

C8. The WRMI provides key data so that third parties can easily navigate between locations and understand any supply-demand deficits on a regional basis. The WRMI is updated when there are material changes to the draft or final WRMP, as well as when there is a material change in the supply demand balance. This information ensures that the timing of any potential supply-demand deficits is clear for third parties, which is critical for them to assess their potential solutions and develop their bid(s).

The Rejection Register

C9. Thames Water will maintain its existing WRMP rejection register and include types of solutions considered within WRMP that are considered not viable, including the reasons for this (without mentioning any confidential or commercially sensitive information).

D Bids for services under WRMP

Terms under which bids are considered within WRMP

D1. The WRMP process is a strategic planning process which enables Thames Water to forecast its water needs over the next 80 years and consider which solutions would best fulfil these needs over this period, considering many factors including cost efficiency, deliverability and environmental impact. As part of this planning process, we welcome new and innovative options to help us meet these needs, however it should be noted

that successfully passing through our WRMP evaluation process does not oblige Thames Water to contract with any third party. For water resource options identified in the preferred programme for implementation over the first 5-10 years of the plan period, or identified for implementation before the plan period begins (as may be the case for smaller, highly beneficial options), contracts will be negotiated with a view to awarding, potentially involving Direct Procurement for Customers. For all demand management and leakage services options, these will be procured through a separate UCR16 compliant tender exercise. For this reason, the WRMP evaluation process for third party demand management or leakage service solutions will evaluate the solution itself rather than the third party proposing it, as this process does not result in a contract being awarded; it is a strategic process to plan demand management and leakage solutions over an 80 year period to meet our future needs rather than a procurement exercise for these solution types.

D2. Water companies in the South East are working together as part of WRSE to develop a regional WRMP for the period from 2025 to 2100. Company WRMPs will follow from this planning exercise. As part of this regional planning, third parties may choose to engage with multiple water companies to propose their solution for consideration in the regional WRMP process. Third parties wishing to do so should contact WRSE using the details in WRSE's IRPS available on the WRSE website: http://www.wrse.org.uk/. A third party's proposals may be put through multiple water companies' WRMP screening processes simultaneously if the third party so wishes.

D3. Should a third party proposal successfully pass through all stages of the Thames Water WRMP evaluation process, and the option featured in the preferred programme of options, it is possible that the option may be featured in a later part of the plan period (>30 years). Irrespective of where the option is featured in the preferred programme in terms of timing of delivery, Thames Water cannot guarantee that this will result in a contract being awarded; for water resource options for implementation over the first 5-10 years of the plan period, contracts will be negotiated with a view to awarding, potentially involving Direct Procurement for Customers.

D4. As specified in our PIN for WRMP24, Thames Water welcomes proposals for both water supply and demand management solutions for consideration as part of the WRMP24 process. It should be noted that all proposals for demand management or leakage services, should they successfully pass through the WRMP evaluation process, will be procured through a separate UCR16 compliant tender process. There will be no exceptions to this. For this reason, the WRMP evaluation process for third party demand management or leakage service solutions will evaluate the solution itself rather than the third party proposing it.

D5. As part of WRMP24, Thames Water welcomes any proposals for demand management or leakage services that do not fall under our current framework agreements and are not products or services that we already deliver. If a third party's proposal is covered under our framework agreements or is a product or service that we already deliver, Thames Water are open to being contacted about the proposal to inform our awareness of the market, but in order to be considered for delivery, the third party should contact Thames Water when we next engage with the market for this specific need. If the third party's proposal is not covered by our current activity, we would be open to hearing the

proposal as part of the WRMP24 process – third parties should get in touch by visiting https://www.thameswater.co.uk/procurement quoting the reference '1484 WRMP24 – BAF'. Please note that an approach made via this route will not result in a contract being awarded under any circumstances; a subsequent UCR16 tender process may be undertaken to award a contract for such a need. This is because the WRMP process is not used to procure demand management or leakage services, rather it is used to understand the most innovative and best value (across multiple factors including non-financial) demand management and leakage services solution types to meet our future needs.

D6. Thames Water welcomes the opportunity to develop and deliver innovative solutions that deliver best value for our customers and the environment. We consider that proposals will need to have sufficient technological maturity for consideration in our WRMP24 (as detailed in our evaluation criteria in Annex B). This will usually involve at a minimum, data from pilot studies being available. This being said, we welcome the opportunity to work with third parties to develop and pilot innovative solutions. Third parties wishing to pursue this route should contact Thames Water by emailing brightideas@thameswater.co.uk.

D7. In line with the principle of proportionality, Thames Water has ensured within the WRMP24 process that third parties are asked to provide only as much information as is required to evaluate their proposal at a given stage of the evaluation process. The preparation of this information at each stage will require that the third party has sufficient resource and technical expertise to do so. If a proposal has successfully passed through the first pre-qualification stage of the evaluation process, Thames Water will offer the third party the opportunity to co-fund the development of their proposal to provide the information required for the second pre-qualification and detailed proposal evaluation stages. This opportunity will be made available to all third parties who have successfully passed through the first pre-qualification stage. Third parties wishing to request co-funding may do so by contacting procurement.support.centre@thameswater.co.uk (quoting the reference '1484 WRMP24 – BAF'). The option to co-fund a proposal will be subject to a commercial agreement being drawn up which is agreeable to both parties and which is approved by the Thames Water BAF Project Board and Thames Water commercial and legal teams. Proposals which are co-funded will be treated equally during the evaluation process as compared with proposals which are not co-funded.

D8. To ensure fairness for all third parties throughout the evaluation process, all proposals for in-house, co-funded or third party options will be assessed equally and transparently, with demonstrably consistent application of the evaluation criteria as specified in Annex B. A third party independent to this process will assure that the evaluation has been carried out in a way that treats all proposals equally and in line with the principles outlined in this BAF.

D9. Thames Water may at its discretion assure the information provided by a third party at any stage of the evaluation process. We may also assure information provided by a third party to ensure cost consistency between options – if once this is done the option is no longer cost beneficial compared to other options under consideration, we will retain the right to reject it as part of the evaluation process. If this occurs, Thames Water will provide feedback to the third party in question as to why this has occurred.

D10. If a third party has already proposed an option which has passed through Thames Water's WRMP19 process onto the Constrained list of options, the third party will not need to resubmit their option for consideration in the WRMP24 process, unless there is a fundamental change in the scope of the solution. We may however engage with these parties to identify any updates to information that may be required (e.g. in relation to costs) and any additional information that may be needed to inform either regional planning or Thames Water's WRMP24 process. If in the course of gathering this information it becomes clear that the scope of the option has materially changed as a result, the option will be put through the WRMP24 screening process.

Overview of the process

D11. Figure 1 summarises the process for inviting and assessing bids for services to be considered as part of the WRMP process.

D12. Third parties will need to contact Thames Water to register their interest by emailing procurement.support.centre@thameswater.co.uk. Suppliers will need to provide the following in their email:

- Project applying for (Title and Reference Number as stated in section II.1.1 of the notice – for WRMP24, this is 1484 WRMP24 – BAF)
- Company name
- 2 x Contact names
- 2 x Contact phone numbers
- 2 x Email addresses
- Whether they are proposing a water supply or demand management / leakage services solution

D13. Third parties may contact Thames Water at the above address at any time to register their interest, however the proposal may at Thames Water's discretion be considered for inclusion within the WRMP29 process rather than the WRMP24 process, depending on the point in the process at which the proposal is received. Proposals which are clearly beneficial, robust and which are smaller in terms of volume of water delivered (Ml/d) are more likely to be considered for inclusion in our programme sooner in the planning process.

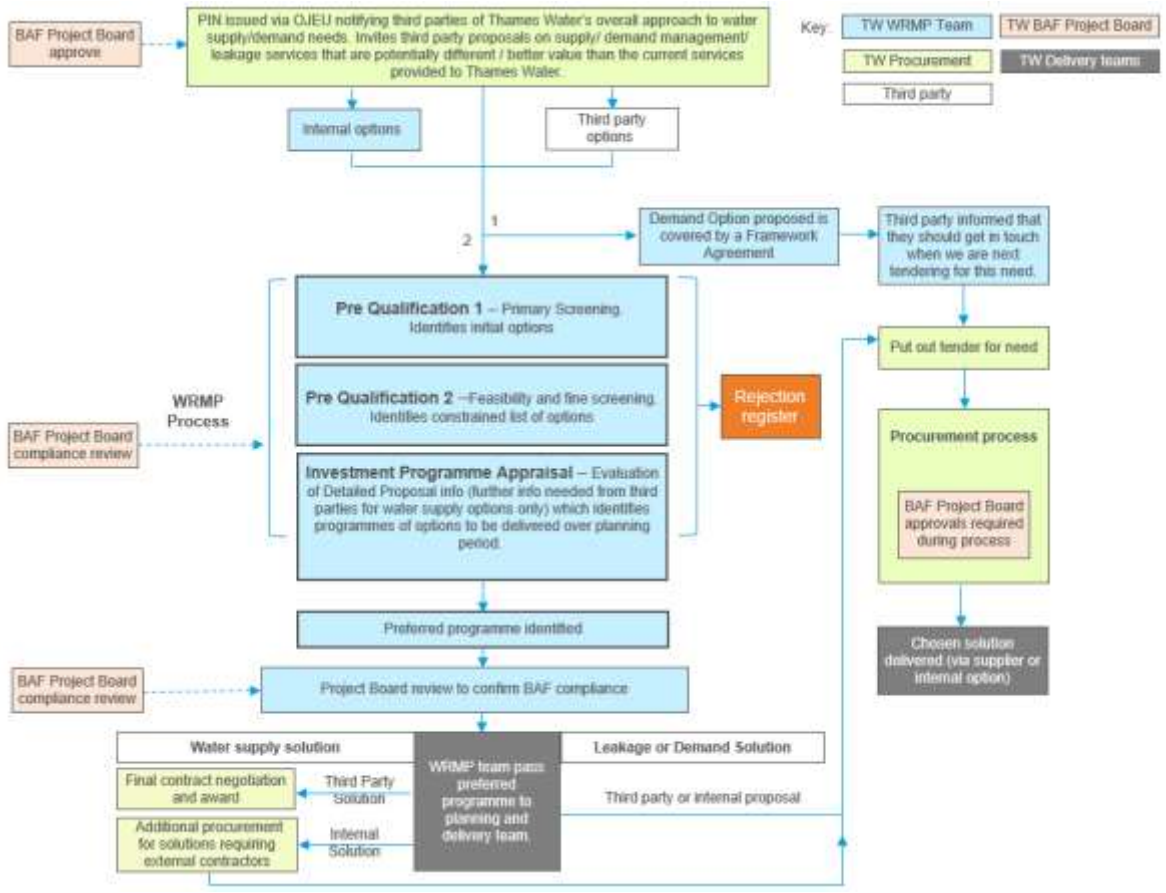
D14. On registering their interest using the email address above, third parties will be registered on Thames Water's IASTA SmartSource portal within two weeks and provided access to complete an initial pre-qualification (PQQ1) survey. Further details and timescales for the evaluation process can be found below (Table 1).

Table 1. Timescales for preparing and evaluating third party information within WRMP24.

Process timings
Within this process, suppliers may get in touch and submit PQQ surveys on a rolling basis. Within 2 weeks of the third party making contact, Thames Water will register the third party and give them access to complete PQQ1 survey in IASTA. Within 1 month of receiving a completed PQQ1 survey, Thames Water will evaluate completed PQQ1 survey and provide a response. Within 3 months of receiving a completed PQQ2 survey, Thames Water will evaluate completed PQQ2 survey and provide a response. Thames Water will aim to evaluate a completed Detailed Proposal and provide a response within 3 months of receiving it – this timescale will vary depending on the nature of the solution proposed.

D15. Thames Water aims to complete the evaluation of information provided and communicate a decision within these timescales on condition of receiving fully detailed and complete survey responses. However, this process may take longer to complete. Bidders will be kept informed on the status of the evaluation through the IASTA SmartSource portal. In the event that the evaluation process is not expected to be completed within the specified timescales, bidders will be notified and provided with an updated indicative timeframe for receiving a decision.

Figure 1: Evaluation process to assess proposals within WRMP24; the level of evaluation carried out will be proportionate to the scale of the solution.



Clarification process for bidders

D16. Once third parties have been registered and given access to the IASTA Smartsource portal, any clarification questions from the third party should be submitted via the portal. Clarification questions will be reviewed by Thames Water who will then publish the question and response (with any confidential information redacted) via the portal so that it is available to all bidders. Thames Water will aim to respond within a reasonable time to allow bidders sufficient time to take into account any clarification points in their bid.

D17. Thames Water will consider reasonable third party requests for extensions to the deadline for responding to pre-qualification and subsequent surveys.

D18. During the evaluation process, the WRMP team may need to clarify aspects of bids or request further information. These requests will be made through the IASTA SmartSource portal and recorded. Bidders will be notified that there is a request for clarification or further information via e-mail and will then need to respond via email. This communication will be recorded.

D19. Requests from the WRMP team should be clear and proportionate to the need and allow a reasonable timescale for response. The WRMP team will consider reasonable requests for extensions to the deadline for responding.

D20. The Project Board may review all clarification and information requests as part of its approval of the overall evaluation.

Assuring bids

D21. Thames Water may at its discretion assure the information provided by a third party at any stage of the evaluation process.

Pre-qualification stage 1 and 2

D22. Thames Water will make pre-qualification requirements available to third parties through the publication of a Periodic Indicative Notice, or PIN. These requirements are also detailed in Annex B of this document (WRMP24 evaluation questions and criteria). The PIN will provide:

- The need – this will be provided by reference to the WRSE's IRPS/FWRR and TW WRMI;
- Pre-qualification requirements (via reference to Annex B of this BAF);
- Instructions on how to register interest by contacting procurement.support.centre@thameswater.co.uk (quoting the reference '1484 WRMP24 – BAF'; and
- Expectations regarding timelines for consideration of proposed solutions.

D23. Interested parties should register their interest by the date specified in those documents. Interested parties are not invited to submit bids at this stage, only to register interest.

D24. Upon receiving contact from a third party via these means, Thames Water will register the third party in the IASTA SmartSource portal and give the third party access to complete an initial pre-qualification (PQQ1) survey. Thames Water will assess the PQQ1 responses from third parties against the PQQ1 evaluation criteria (detailed in Annex B) to determine whether the interested party's proposed solution qualifies. It should be noted that for demand management options and leakage services, pre-qualification aims to evaluate the solution offered rather than the third party itself, as in these cases this process will not result in a contract being awarded; this is because it will be necessary to procure for this need in a subsequent UCR16 compliant tender exercise. Thames Water will then notify bidders of whether they have successfully passed through this stage;

those who have will be invited to complete the second pre-qualification survey (PQQ2). Thames Water will assess the PQQ2 responses from third parties against the PQQ2 evaluation criteria (detailed in Annex B) to determine whether the interested party's proposed solution qualifies; Thames Water will then notify bidders of whether they have successfully passed through this stage. This section sets out the pre-qualification stage process in more detail.

Purpose of pre-qualification

D25. The Pre-qualification Stage is intended to identify both interested parties that can demonstrate sufficient capability to deliver their proposed solution, and innovative and 'best value' solution types that that help Thames Water meet its future need for water.

D26. Thames Water undertakes the pre-qualification assessment prior to inviting bids so that bidders are aware of whether their proposed solution meets the qualification criteria before having to prepare and submit a bid. This ensures that interested parties do not allocate resources to preparing and submitting a bid only to be rejected on the basis that they did not meet the qualification criteria.

D27. It should be noted that for demand management options and leakage services, pre-qualification aims to evaluate the solution offered rather than the third party itself, as in these cases this process will not result in a contract being awarded; this is because it will be necessary to procure for this need in a subsequent UCR16 compliant tender exercise.

Applying proportionality to pre-qualification requirements

D28. It is vitally important that Thames Water undertake thorough checks to ensure that third parties it awards work to have sufficient financial standing, capability and capacity to deliver the solution for customers. Failure to do so can be to the detriment of its customers and the environment. The level of information that is requested from third parties will however still be proportionate to Thames Water's evaluation requirements at each stage of the WRMP screening process, as set out in the Periodic Indicative Notice and BAF. The pre-qualification stage will require third parties to provide only the level of information that is required to determine whether the solution is likely to be able to deliver Thames Water's requirements. This is to prevent third parties from being unnecessarily burdened or deterred from registering to pre-qualify, applying the principle of proportionality.

D29. The Thames Water Project Board approves all PINs, QSNs and Contract Notices and provides assurance that the pre-qualification requirements are proportionate to the need specification set out in those documents.

Pre-qualification criteria

D30. Annex B sets out the pre-qualification questions and criteria for the first and second pre-qualification stages (PQQ1 and PQQ2). There are two stages to pre-qualification. The first is intended to enable Thames Water to determine whether a third party solution is likely to meet some of the basic elements of financial standing (for water resources/supply solutions) and specification set out in the need information as

referenced in the PIN (Thames Water WRMP19, WRMI tables, WRSE IRPS/FWRR), e.g. does the proposed solution offer the required volume and quality of water. It also aims to understand the maturity of the technology or method being proposed, as well as the high-level cost of the solution if this information is available. The second stage allows Thames Water to assess in more detail whether the solution is cost beneficial and is deliverable from a technical and environmental standpoint. Indicative cost information is requested to enable Thames Water to assess whether the solution is sufficiently cost beneficial. This is requested now as the subsequent Detailed Proposal stage (applied to water resources options only) will require significant time investment from a third party including a comprehensive financial proposal.

D31. Note that these criteria may be subject to change in response to the Water Resources Planning Guidelines for WRMP24 being published and once Thames Water's approach to environmental assessment at WRMP24 and the requirements for the WRSE regional WRMP24 have been clearly defined. It is not expected that these changes will be substantial, and third parties will be informed of any changes in reasonable time.

D32. Third parties proposing options which are around 15Ml/d or smaller in volume will be asked to complete the same PQQ1 survey as larger options (available in Annex B). If the option succeeds in passing through this evaluation stage, the PQQ2 information requested will be proportionate to the complexity and scale of the solution being proposed. The PQQ2 questions in Annex B give a good indication of the type of information that may be requested of supply and demand options.

D33. Whilst Thames Water will endeavour to complete the pre-qualification evaluation stages in a timely manner there may be delays between the various phases; if this occurs third parties will be informed of a revised timeframe to receive a response.

Submitting pre-qualification information

D34. Third parties that wish to pre-qualify can do so by registering their interest to procurement.support.centre@thameswater.co.uk quoting the reference '1484 WRMP24 – BAF'. Within 2 weeks of the third party making contact, Thames Water will register the third party and give them access to complete the PQQ1 survey within the IASTA SmartSource portal.

D35. Third parties should use the address above to notify Thames Water when they have submitted a complete PQQ1 or PQQ2 survey. Third parties should highlight any information contained in their submission that is confidential.

D36. Thames Water will assess the PQQ1 responses from third parties against the PQQ1 evaluation criteria (detailed in Annex B) to determine whether the interested party's solution qualifies. Within 1 month of receiving a complete PQQ1 survey, Thames Water will notify bidders of whether they have successfully passed through this stage, with feedback on the evaluation; those who have succeeded will be invited to complete the second pre-qualification survey (PQQ2). Thames Water will assess the PQQ2 responses from third parties against the PQQ2 evaluation criteria (detailed in Annex B) to determine whether the interested party's solution qualifies; within 3 months of receiving a complete PQQ2 survey Thames Water will notify bidders of whether they have successfully passed through this stage, with feedback on the evaluation and an

invitation to submit a Detailed Proposal if successful (Note that Detailed Proposal information is only required for Water Resources solutions; this is because demand management and leakage solutions are not procured directly as a result of the WRMP process but rather via a subsequent tender process).

The Pre-qualification assessment

D37. Thames Water's WRMP team and external consultants responsible for supporting the preparation of WRMP24 will lead the pre-qualification assessment. This team will assess all requests to pre-qualify on an equal basis and with strict reference to the pre-qualification criteria and requirements as detailed in Annex B. An external third party independent to this process will assure that this evaluation has been carried out fairly with consistent application of the evaluation criteria.

Notification of pre-qualification

D38. Thames Water will notify all parties who have submitted a response to the first and second pre-qualification surveys of the outcome of the pre-qualification assessment, stating whether they have pre-qualified to participate in the next stage of the process.

D39. For those third parties that did not qualify at either pre-qualification stage, the WRMP team will provide a short explanation of the reasons for this, highlighting the criteria or requirements that were not met.

D40. Third parties that successfully pass through both pre-qualification stages will be invited to submit a Detailed Proposal. (Note that Detailed Proposal information is only required for Water Resources solutions, as only solutions of this type are awarded contracts directly via the WRMP process).

D41. If a third party has submitted a complete initial pre-qualification (PQQ1) survey and has successfully passed through this pre-qualification stage, Thames Water may pass their proposal details to WRSE to inform the regional WRMP planning process.

D42. If a third party has submitted a complete second pre-qualification (PQQ2) survey and has successfully passed through this pre-qualification stage, Thames Water may pass their proposal details to WRSE to inform the regional WRMP planning process.

Detailed Proposal for Investment Programme Appraisal

Overview

D43. Investment Programme Appraisal is the process within WRMP by which options that have successfully passed through the pre-qualification process are inputted into decision support tools which are used to determine which options are best delivered when and at what scale over the planning period to meet Thames Water's future needs. To inform this final evaluation stage, Thames Water may require that third parties proposing water resources options prepare and submit further technical information relating to their option, also known as a Detailed Proposal. This may include a Conceptual Design Report (CDR). CDRs provide information on the location of the

works (if any), engineering and land requirements, dependencies with other elements, construction impacts, environmental and social mitigations, Deployable Output, programme assumptions and risks. More information on the costing methodology to be used will also be provided at this stage.

D44. For third parties proposing water resources options with a benefit of 15Ml/d or lower, the information requested at the Detailed Proposal stage will be proportionate to the complexity and scale of the solution being proposed. The Detailed Proposal questions in Annex B give a good indication of the type of information that may be requested of these options.

D45. Third parties proposing demand management or leakage options for consideration within WRMP will not be asked to submit this information for their option. This is because contracts for Demand Management and Leakage options are not directly awarded through the WRMP process; instead, demand management and leakage options which feature in Thames Water's preferred programme of options for WRMP are delivered via a separate UCR16 compliant tender process. Though demand management and leakage options do not need to submit further information to inform Investment Programme Appraisal, they will still be screened through this stage, as detailed in Figure 1, with the results of this evaluation communicated to all parties for all options in a timely manner.

D46. For all water resources solutions that have successfully passed through the first and second pre-qualification stages, Thames Water will consider negotiating a contract with the third party to secure rights for an option to implement the solution for the tendered price for a period of up to 10 years.

Detailed Proposal evaluation criteria

D47. Detailed Proposals will be evaluated using Investment Programme Appraisal; this is the process within WRMP by which options that have successfully passed through the pre-qualification process are inputted into decision support tools which are used to determine which options are best delivered when and at what scale over the 80 year planning period to meet Thames Water's future needs. As such, the evaluation criteria used are those within these tools, and are detailed in Thames Water's WRMP19 available from our website. Note that these criteria may be subject to change in response to the Water Resources Planning Guidelines for WRMP24 being published and once Thames Water's approach to environmental assessment at WRMP24 and the requirements for the WRSE regional WRMP24 have been clearly defined. It is not expected that these changes will be substantial, and third parties will be informed of any changes in reasonable time.

D48. Detailed Proposal information for third party options with a benefit of 15Ml/d or lower may be evaluated outside of the Investment Programme Appraisal process to enable delivery of the solution sooner than the WRMP plan period, should the solution prove sufficiently beneficial and deliverable in terms of scale and complexity.

Submitting a Detailed Proposal

D49. Third parties proposing water resources solutions who successfully pre-qualify through PPQ stages 1 and 2 will be given access in IASTA SmartSource to submit their Detailed Proposal information.

Co-funding of Detailed Proposal development

D50. Preparing the information required for the Detailed Proposal stage will require that the third party has sufficient resource and technical expertise to do so. If a proposal has successfully passed through the first pre-qualification stage of the evaluation process, Thames Water will offer the third party the opportunity to co-fund the development of their proposal to provide the information required for the second pre-qualification and detailed proposal evaluation stages. This opportunity will be made available to all third parties who have successfully passed through the first pre-qualification stage. Third parties wishing to request co-funding may do so by contacting procurement.support.centre@thameswater.co.uk (quoting the reference '1484 WRMP24 – BAF'). The option to co-fund a proposal will be subject to a commercial agreement being drawn up which is agreeable to both parties and which is approved by the BAF Project Board and Thames Water commercial and legal teams. Proposals which are co-funded will be treated equally during the evaluation process as compared with proposals which are not co-funded.

Assessment of Detailed Proposals

D51. Thames Water's WRMP team and external consultants responsible for supporting the preparation of WRMP24 will lead the Detailed Proposal assessment. This team will assess all submissions on an equal basis and with strict reference to the evaluation criteria as detailed in Annex B and WRMP19. Note that these criteria may be subject to change in response to the Water Resources Planning Guidelines for WRMP24 being published and once Thames Water's approach to environmental assessment at WRMP24 and the requirements for the WRSE regional plan have been clearly defined. It is not expected that these changes will be substantial, and third parties will be informed of any changes in reasonable time.

D52. All proposals will be treated as confidential and will only be shared with individuals that are involved in the assessment process (which will be documented).

D53. To ensure fairness for all third parties throughout the evaluation process, all proposals for in-house, co-funded or third party options will be assessed equally and transparently, with demonstrably consistent application of the evaluation criteria as specified in Annex B. An external third party independent to this process will assure that the evaluation has been carried out in a way that treats all proposals equally and in line with the principles outlined in this BAF.

Keeping bidders informed

D54. In the event that the evaluation process is not expected to be completed within the indicative timeframes for Fast Track or Standard assessment, bidders will be notified via

the IASTA SmartSource portal and provided with an updated indicative timeframe for receiving a decision.

Communication of decision

Notifying bidders

D55. Thames Water will confirm to the third party as to whether the third party's solution has been included in the preferred programme, along with the reasoning for this, through the IASTA SmartSource portal. Thames Water will aim to notify all parties who have submitted a Detailed Proposal (and who registered their interest by 17th July 2020 as specified in the original Thames Water BAF document published in March 2020) of the outcome of the evaluation in line with the publication of the draft WRMP24. Third parties proposing demand management or leakage options will also be informed as to whether their solution has been included in the preferred programme at this time. Third parties proposing options of a smaller volume may be notified before this time depending on the scale and complexity of the solution. Thames Water will aim to evaluate a completed Detailed Proposal considered as part of the Fast Track process and provide a response within 3 months of receiving it – this timescale will vary depending on the nature of the solution proposed.

D56. For those third party solutions that did not succeed at this stage, the WRMP team will provide a short explanation of the reasons for this, highlighting the criteria or requirements that were not met.

D57. If a third party has submitted their Detailed Proposal and has passed successfully through this evaluation stage, Thames Water may pass their proposal details to WRSE to inform the regional WRMP planning process.

Complaints process

D58. At any time during the WRMP24 evaluation process, a third party may submit a complaint should they feel that the Bid Assessment Framework has not been followed. Third parties may submit a complaint by emailing a copy of the complaint form (available on Thames Water's website here: www.thameswater.co.uk/baf) to procurement.support.centre@thameswater.co.uk with the subject line "BAF Complaint". Complaints will be considered in accordance with the complaints process detailed in Section F.

Option delivery

Preferred Programme

D59. Once developed, the Preferred Programme of options for WRMP24 will be reviewed by the BAF Project Board for compliance with the BAF and published on Thames Water's website in draft form and in final form once approved by the Secretary of State. It should be noted that should a third party proposal successfully pass through all stages of the WRMP evaluation process, and the option featured in the preferred programme of

options, it is possible that the option may be featured in a later part of the plan period (>30 years). Irrespective of where the option is featured in the preferred programme in terms of timing of delivery, Thames Water cannot guarantee that this will result in a contract being awarded. For water resource options for delivery over the first 5-10 years of the plan period (and proposed by third parties), contracts will be negotiated with a view to awarding, potentially involving Direct Procurement for Customers. For internal water resources options, additional procurement will be undertaken where additional contractors will be required, again potentially potentially involving Direct Procurement for Customers. For all demand management and leakage services options, these will be procured through a separate UCR16 compliant tender exercise.

D60. It should be noted that Thames Water are moving towards an 'adaptive planning' approach. This means that at set time points in the preferred programme, we may have multiple options included that we would choose from to implement at this point based on conditions such as population growth. More details of this approach can be found within Thames Water's WRMP19.

D61. When the draft WRMP is published, extensive consultation is undertaken with stakeholders including the public and national bodies, and as a result, the preferred programme of options may change. If this occurs, the BAF Project Board will review any changes to ensure that they comply with the BAF.

Water resources options of 15Ml/d or smaller

D62. For water resources options with a volume of 15Ml/d or less that have successfully passed through the Detailed Proposal stage, contracts may be negotiated with a view to awarding. These options will potentially be delivered before the WRMP24 plan period depending on the nature of the solution.

Timeframe for award

D63. The timeframes for awarding contracts as part of the WRMP process will inevitably vary. The actual timeframe for awarding a contract will depend on the nature of the solution, the timing of its planned delivery within the WRMP Preferred Programme and the time taken to agree terms and conditions of the contract.

E Bids for services covered under UCR16

Overview of the process

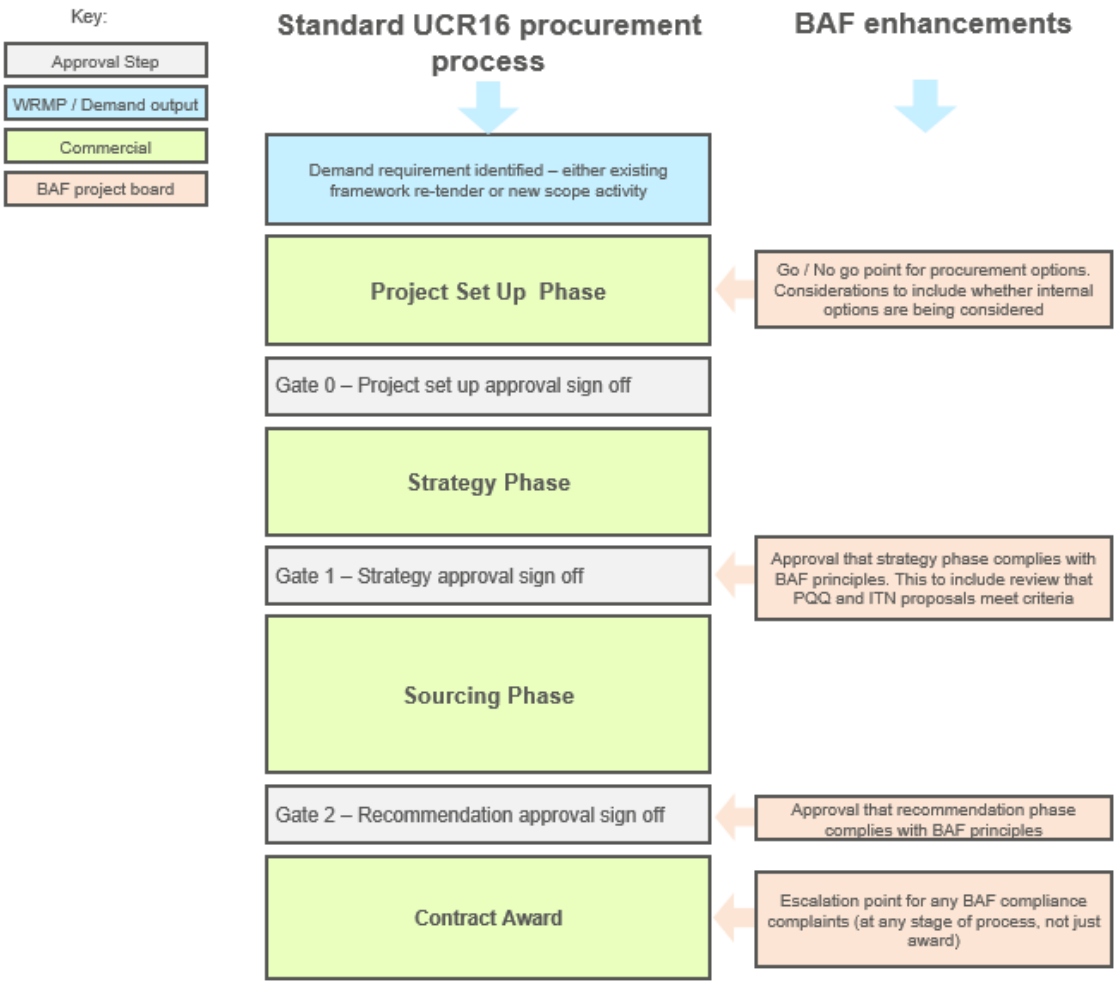
E1. Bids for services that are covered by UCR16 will be assessed in accordance with UCR16. The UCR16 sets out the process that Thames Water must follow when inviting and assessing bids, communicating decisions, and awarding contracts.

E2. As the UCR16 process has not been designed with the aim of facilitating an assessment of Thames Water's in-house bids and third party bids together, where Thames Water decides to develop its own demand management and leakage solutions it will communicate this to all bidders to provide transparency. If during the UCR16 process Thames Water finds that the needs it was seeking to meet through a UCR16

procurement can be met through one of its in-house solutions that clearly offers better value, then it may cancel the UCR16 procurement. It would communicate this decision to bidders in a timely manner. This will help ensure that the process is proportionate and transparent, and helps bidders avoid committing further resources to a bid unnecessarily.

E3. In order to further ensure that the BAF principles are upheld, the BAF Project Board will provide additional governance within Thames Water's internal processes as illustrated in figure 2 below (based on a standard UCR16 procurement).

Figure 2: BAF additional governance supporting UCR16



Pre-qualification and evaluation criteria

E4. The prequalification and evaluation criteria for interested parties submitting solutions covered by the UCR will be set out in the procurement documents for each UCR procurement. Recent UCR-compliant procurements run by Thames Water can be found on the OJEU portal.

Timeframes

E5. Thames Water will issue a UCR16 Contract Notice when a need for services covered by the UCR16 arises.

E6. The deadline for receiving bids and indicative timescales for assessing them under a UCR procurement process will be set out in the UCR QSN or Contract Notice.

F Complaints & escalation process

The complaints & escalation process

F1. Thames Water will hear complaints from third parties who consider that it has not followed the BAF at any stage in the bid assessment process. Thames Water will take appropriate action to remedy any complaints where the BAF has not been properly applied. Figure 3 sets out the key steps in the BAF complaints process. Complaints should be submitted to procurement.support.centre@thameswater.co.uk with subject line "BAF Complaint" using the form available on the Thames Water website: www.thameswater.co.uk/baf. The completed form should specify the nature of the complaint, providing sufficient detail for the complaint to be assessed.

Figure 3 – BAF complaints process.

Thames Water legal liability

F2. Without limiting any right to take action under the UCR16, where a procurement falls within the UCR16 or any right to take up any matter with Ofwat or any other regulatory body, and subject to any redress which cannot as matter of law be excluded, this complaints procedure is the sole redress in relation to any breach of this BAF and in particular this BAF does not give rise to any legal liability of Thames Water, does not create any contract with bidders and is not to be treated as any legal representation by Thames Water.

G Governance and assurance

Protecting against conflicts of interest and misuse of confidential information

G1. Thames Water treat potential conflicts of interest and misuse of third-party confidential information very seriously. The evaluation team that manages the procurement process will consist of individuals from within Thames Water's commercial, finance and technical teams (e.g. the WRMP team). These teams are mature in managing conflicts of interest and confidential information, but we will also be proactively mitigating any potential risks.

G2. The following measures are in place to protect against malpractice originating from a conflict of interest (should they arise) or misuse of third party confidential information (described in further detail thereafter):

- Ensuring the bid assessment process is subject to approval by a Project Board (Ofwat best practice recommendation) with the additional assurance of being chaired by a senior Thames Water role independent to the commercial, water resources and delivery functions.
- Implementing a new organizational structure which includes a BAF compliance coordinator role, that ensures independent evaluation and decision making and consistent, timely communication equivalently from the need definition and procurement team to the market and the in-house solutions team.
- Implementing a 'three lines of defence' assurance model to review the bid assessment process at least annually and seek to identify any malpractice or misuse of information.
- Providing a robust complaints process detailed in this document (Section F). Third parties should contact Thames Water through this process if they consider that a conflict of interest has led to them not being treated equally or they suspect their confidential information has been misused.
- Securely storing and handling commercially sensitive information received under the BAF process and only sharing with those required to undertake the pre-qualification and bid assessment.

The Project Board

G3. The Project Board consists of senior managers from Thames Water's Commercial and Finance, technical (e.g. WRMP) and delivery teams. The Project Board will be chaired by a senior Thames Water role independent to the commercial, water resources and delivery functions and is responsible for providing critical challenge and ensuring fairness, transparency and consistency of decision making. It will do this by ensuring that it is satisfied that the bid assessment process has been carried out fairly and transparently. The Project Board will also be an escalation point for BAF compliance complaints.

Audits and assurance

G4. Thames Water will maintain a written record of the processes followed and rationale for decisions made during a bid assessment process under the BAF. A compliance report will also be prepared for all third party bid evaluation exercises which fall under the BAF. This/these reports will include type of bid (e.g. water supply, leakage), the number of third party bids (at each stage of the process), the name of the bidder and whether the third party is a new or repeat bidder, overall timescale of the process, high level reason for rejection of bids, any new appeals/complaints received and financial size of contract. These reports will be reviewed by the BAF Project Board and external third party (in the case of WRMP). Thames Water will make these reports available to Ofwat on request.

G5. Thames Water have in place a risk management process that identifies, assesses, monitors and reports on compliance risks. Thames Water use the "three lines of defence" model to provide assurance on our risk management arrangements, and systems of internal control:

- First line - management is responsible for the application of our risk management framework and for the operational effectiveness of internal controls. The BAF compliance coordinator role provides support in this line;
- Second line – our risk and assurance function and our compliance teams are responsible for supporting the business on, and providing oversight of, the identification, assessment, monitoring and reporting of risk and mitigation strategies; and
- Third line – our external audit team provide independent and objective assurance on the risk management framework and the effectiveness of the systems of internal control.

Protecting confidential and commercially sensitive information

G6. Thames Water's audit functions will undertake a review of the bid assessment process (at least annually) to assess that commercially sensitive information has been properly protected and not misused.

Annual review of BAF

G7. Thames Water will conduct an annual review of the BAF. It will consider feedback from third parties and factor this into the review. Thames Water will also update the BAF to reflect any changes in the regulatory framework and competition and procurement laws as and when they arise.

Annex A: Glossary of terms

Asset management period 7 – The seventh quinquennial delivery period in the water industry starting 1 April 2020 and ending 31 March 2025

Asset management period 8 – The eight quinquennial delivery period in the water industry starting 1 April 2025 and ending 31 March 2030

Bid assessment framework – A framework to support the bidding market for water resources, demand management and leakage services. This document sets out Thames Water's Bid Assessment Framework.

Contract notice – Thames Water may use this to invite third parties to submit interest and pre-qualify to bid.

Demand management – the implementation of measures, which serve to control or influence the consumption or waste of water at any point along the supply chain. These services are covered by UCR16 and bids for these services will be assessed in accordance with the UCR16.

Equal treatment – A principle whereby all potential suppliers (third party or our in-house team) have an opportunity to compete for contracts on an equivalent basis (unless a difference in treatment can be objectively justified) and all bids will be compared on an objective basis without undue preference or discrimination.

Evaluation criteria – The criteria that all bids for water resources, demand management and leakage services (including those from third party and Thames Water) will be assessed against. The criteria are set out in the BAF for bids considered as part of WRMP.

Evaluation team – Thames Water's evaluation team will manage the bid assessment process. The team will need to obtain approval from the Project Board on bid recommendations and document the process to enable it to be assessed by assurance teams.

Fast Track bid assessment – The process for assessing bids within the WRMP process on an open rather than time-bound basis.

Future Water Resource Requirements (FWRR)– A statement published by Water Resources South East (WRSE) to describe its water resource needs to be addressed by the regional WRMP24 planning process.

IASTA SmartSource portal – A portal where Thames Water publish key information to assist third parties in preparing and submitting bids.

Initial Resources Position Statement (IRPS) (formerly known as Statement of Need) – A statement published by Water Resources South East (WRSE) to describe its water resource needs to be addressed by the regional WRMP24 planning process.

Leakage services – services that control the sum of distribution losses (on trunk mains, service reservoirs, distribution mains and communication pipes) and underground supply pipe lines (between the point of delivery at a property and the point of consumption) (Leakage control) or control the loss of treated water through leaks in the distribution pipework, either by active leakage control or by replacing whole sections of pipe (mains replacement). These services are covered by UCR16 and bids for these services will be assessed in accordance with the UCR16.

Periodic Indicative Notice (PIN) – The PIN is published in the OJEU and the U.K. Find a Tender service at least every five years and notifies third parties of Thames Water's overall approach to water resource related procurement at the start of each WRMP planning cycle. The PIN refers to our future water needs and describes the process by which third parties may contact us to propose a water resources, demand management or leakage services solution to help fulfil this need.

Pre-qualification criteria – The criteria that are used to pre-qualify interested third parties to bid. Pre-qualification criteria for WRMP are set out in the BAF.

Project board – The Project board consists of senior managers from Thames Water's Commercial, Water Resources, and Delivery teams and is chaired by a senior Thames Water role independent from these functions. The Project Board will be responsible for approving recommendations made by the evaluation team and is responsible for providing critical challenge and ensuring fairness, transparency and consistency of decision making.

Proportionality – A principle to ensure that the bid assessment process is appropriate for attaining the objective pursued and does not go beyond what is necessary to achieve it.

Qualification Systems Notice (QSN) – A procurement document aiming to pre-qualify interested suppliers onto a list (or qualification system) for a given need.

Rejection register – A register found on the Thames Water website that lists all the solutions that Thames Water has assessed within WRMP and did not consider viable, along with a description of the solution type and the reason it was not considered. This is intended to help third parties and bidders in enhancing their solutions, and support decisions on preparing and submitting future bids under the BAF.

Standard track bid assessment – The process for assessing bids within the time-bound WRMP process.

Transparency – A principle that requires that the procurement process, including the process for qualifying parties to bid, assessing bids, communicating decisions and awarding contracts is transparent. It is important that this shows how we have followed the principles of equal treatment, non-discrimination, and proportionality at each stage in the procurement process.

Utilities contract regulations 2016 (UCR16) – set rules about the procurement of goods and services by water companies. Bids for services that are covered by UCR16 (i.e. leakage service and demand management) will be assessed through the well-established UCR16 procurement process as required by law and these regulatory requirements will supersede the BAF if and where there are inconsistencies.

Water resources – services that help meet Thames Water customers' future water needs, in particular where Thames Water has a water deficit. These services are not covered by UCR16 and bids for these services will be assessed in accordance with the BAF procurement process.

Water resources management plan (WRMP) – Thames Water's long-term strategic plan for water resource development in its area.

Water Resources South East - The Water Resources in the South East Group (WRSE) is an alliance of the six south east water companies, the Environment Agency, Ofwat, Consumer Council for Water, Natural England and Defra, to develop long term plans for securing water supplies in the south east.

Annex B: WRMP24 evaluation questions and criteria

Demand management and leakage options

PQQ1

Question #	Question	Weighting	Answer (0-1 Mark)	Answer (2-4 Mark)	Answer (5-7 Mark)	Answer (8-10 Mark)
1.	Please provide your company details below: Company name: Address: Telephone number: E-mail: Website: Company registration number: Contact name: Address (if different from above): Position held: Telephone number: E-mail:	Pass/Fail. Pass if complete information provided.	N/A	N/A	N/A	N/A
2.	Please identify the type of option you propose. Note that we are not intending to deliver either dumb or semi-smart metering solutions. - Active Leakage Control - Pressure Management - Mains Replacement - Smart metering - Bulk metering - Small bulk metering - Water efficiency goods to customers - Water efficiency advice via home or business visit - Installation of water efficient appliances - Water efficiency	Pass/Fail.	If option type is already being delivered, proposer is contacted with a recommendation that they get in touch when we are next tendering for this need. If new option type, option evaluated against primary screening criteria.	N/A	N/A	N/A

	partnerships with public and third sector organisations or utility companies - Water efficiency innovation research - Innovative tariffs - Free internal leakage fixes (i.e. toilets and taps) for households - Water efficiency incentive scheme - Rainwater Harvesting - Stormwater Harvesting - Greywater Recycling - Wastewater (Blackwater) Recycling - Other (please specify)					
3.	Please summarise your proposed demand management solution, including estimated benefits in megalitres per day.	25%	Question left unanswered or barely completed.	Limited explanation of the demand management solution and limited estimated benefits provided. Poor detail which demonstrates lack of experience in a robust implementation of the demand management solution.	Good overview of the demand management solution and providing some quantified detail about the estimated benefits provided by the solution. Doesn't meet criteria for a 10 marks.	Excellent detailed response including detailed quantification and justification of estimated benefits provided by the solution. The response instils confidence that the supplier has excellent knowledge and experience in delivering the demand management solution.

4.	Please detail any cost information you can give for the proposed project.	25%	Question left unanswered or barely completed.	Limited estimated costs provided. Poor detail which demonstrates lack of experience in a robust implementation of the demand management solution.	Good overview of the demand management solution costs and providing some quantified detail. Doesn't meet criteria for a 10 marks.	Excellent detailed quantification of the demand management solution costs. The response instils confidence that the supplier has excellent knowledge and experience in delivering the demand management solution.
5.	Please comment on the maturity of the technique/technology you are proposing and therefore fitness for commercial use, referencing any pilots undertaken or relevant studies etc. if available. If your option is a device, is this WRAS approved?	50%	Question left unanswered or barely completed.	Very little detail provided which demonstrates lack of technical knowledge and experience with the technology. No studies or reports referenced.	Good overview of the maturity of the technique/ technology demonstrating good technical knowledge and experience with the technology. Some reference to studies and reports has been made.	Excellent detailed response of the maturity of the technique/ technology demonstrating excellent technical knowledge and experience with the technology. Full referencing to studies and reports has been made.

Third parties must achieve a 'Pass' for questions 1 and 2 and score at least 5 marks for each of questions 3-5 to pass through to the PQQ2 pre-qualification stage.

PQQ2

Question #	Question	Weighting	Answer (0-1 Mark)	Answer (2-4 Mark)	Answer (5-7 Mark)	Answer (8-10 Mark)
1.	Please provide further details on your proposed solution.	25%	Question left unanswered or barely completed.	Limited explanation of the demand management solution, limited quantification of the solution provided and limited examples of delivery experience. Poor detail which demonstrates lack of experience in a robust implementation of the demand management solution.	Good explanation of the demand management solution, some quantification of the solution provided and good examples of delivery experience. Doesn't meet criteria for a 10 marks.	Excellent detailed explanation of the demand management solution, including detailed quantification of the solution and excellent examples of delivery experience. The response instils confidence that the supplier has excellent knowledge and experience in delivering the demand management solution.
2.	Is the option likely to be acceptable in terms of planning and environmental constraints?	10%	Question left unanswered or barely completed.	Limited consideration and knowledge of environmental and planning constraints. No detail provided of their approach to ensure delivery of the solution within these constraints.	Good consideration and knowledge of environmental and planning constraints, light on detail but describes their approach to planning and environmental constraints in delivering the demand management solution.	Excellent consideration and knowledge of environmental and planning constraints. Comprehensive detail provided specifying their approach to planning and environmental constraints to instil confidence and experience in delivering the demand management solution.
3.	Does the option provide flexibility/adaptability to climate change uncertainty?	10%	Question left unanswered or barely completed.	Limited consideration and knowledge of the impacts of climate change. No detail provided of their approach to identify and manage climate change risks.	Good consideration and knowledge of the impacts of climate change. Light on detail but describes their approach to identify and manage climate change risks	Excellent consideration and knowledge of the impacts of climate change. Comprehensive detail provided specifying their approach to identify and manage climate change risks to instil confidence in delivering the demand

					to deliver the demand management solution.	management solution.
4.	Is the option practical and efficient to implement and maintain? Please detail estimated maintenance costs per year (can be given per unit if needed). Would this maintenance need to be undertaken by the provider of the solution?	20%	Question left unanswered or barely completed.	Limited explanation of the maintenance programme, limited estimated costs provided and limited detail of maintenance provider provided. Poor detail that demonstrates lack of knowledge and experience in maintaining the benefits of the demand management solution.	Good explanation of the maintenance programme, some estimated costs provided and good detail of maintenance provider provided. Doesn't meet criteria for 10 marks.	Excellent explanation of the maintenance programme, detailed quantification of estimated costs provided and the maintenance provider identified. Comprehensive detail instils confidence in a cost efficient programme and programme manager to maintain the demand management solution.
5.	Do you anticipate that any features of the intended area for delivery (demography, building type, location) will impact the deliverability of your solution?	10%	Question left unanswered or barely completed.	Very little detail provided which demonstrates lack of consideration and knowledge of the delivery area and impacts on the deliverability of the demand management solution.	Good detail provided which demonstrates good consideration and knowledge of the delivery area and impacts on the deliverability of the demand management solution.	Excellent detail provided which demonstrates comprehensive consideration and knowledge of the delivery area and impacts on the deliverability of the demand management solution.

6.	Please provide the expected installation and maintenance cost and benefit (in Ml/d) per unit of solution delivered – this can be a face to face visit rather than an asset per se. Please detail how these costs may vary in response to the features of the intended area for delivery (demography, building type, location).	25%	Question left unanswered or barely completed.	Very little detail provided to quantify the installation and maintenance cost and benefit. Very little consideration has been given to how these costs vary in response to features of the intended delivery area.	Good detail provided to quantify the installation and maintenance cost and benefit. Good detail that clearly summarises the information at the per unit of solution level. Good consideration has been given to how these costs vary in response to features of the intended delivery area.	Excellent detail provided to quantify the installation and maintenance cost and benefit which also clearly summarises the information at the per unit of solution level. Excellent detail provided of the consideration given to how these costs vary in response to features of the intended delivery area. References to specific factors have been included.

Third parties must score at least 50% of the total marks attainable across the PQQ2 survey to pass through this pre-qualification stage.

Water resources options

Introduction

There are three steps for evaluation of water resources options. The steps are listed below:

- Pre-qualification 1 (PQQ1): For preliminary screening
- Pre-qualification 2 (PQQ2): For options feasibility assessment and fine screening
- Detailed Proposal: For investment programme appraisal

For each of these steps, a description is provided below of the evaluation process and the information required for submission by third parties.

PQQ1: For preliminary screening

The first step is an initial prequalification that aims to ensure that any options that are clearly technically infeasible are not considered further and that the counterparties are of sound standing. Information on initial costs are requested so that any options that are clearly uneconomic are rejected at the earliest stage, preventing counterparties from incurring large amounts of unnecessary effort where it is already clear that an option will not be selected.

Question #	Question area	Question	Evaluation Criteria
1.	General company information	Company name: Address: Telephone number: Fax: E-mail: Website: Address of registered/principal office, if differs from above: Company registration number: Details of product and liability insurance: Contact name: Address (if different from above): Position held: Telephone number: Fax: E-mail:	Is the information complete? Pass / Fail
2.	Introduction to provider	Please provide an outline of your company and information on its financial standing (e.g. Dun & Bradstreet report)	Is the information complete? Does the information prove financial viability? Pass / Fail
3.	Option type	Please identify the type of option you propose: 1) Direct river abstraction 2) Reservoir 3) Groundwater 4) Infiltration gallery 5) Aquifer storage and recovery 6) Aquifer recharge 7) Desalination 8) Bulk transfer of raw water 8b) Bulk transfer of treated water 9) Tankering of Water 10) Redevelopment of existing sources 11) Transfer of existing private supplies 12) Effluent re-use 13) Imports (icebergs) 14) Rain cloud seeding 15) Tidal barrage 16) Rainwater harvesting 17) Abstraction licence trading 18) Water quality scheme to increase DO	N/A – Information only.

Question #	Question area	Question	Evaluation Criteria
		19) Catchment Management scheme 20) Conjunctive use 21) Joint ("shared") resource 22) Asset transfer 23) Asset trade 24) Other (please specify)	
4.	Introduction to offer	Please provide an overview of your proposed supply option, including: - Whether the option currently exists, e.g. an existing borehole. - The infrastructure required to deliver the proposal - Initial Totex (Capex and Opex) cost estimates for your proposed option, to include ongoing maintenance and operational expenditure. Utilisation will be assessed by Thames Water as part of option screening. - Proposed delivery point to Thames Water	Is the option potentially beneficial? Does the option clearly incur excessive cost? Pass / Fail
5.	Option maturity (technique/ technology) and therefore fitness for commercial use	Please indicate how mature the option you propose is. Is it an established technique/technology? Is it already in commercial use for water supply?	Is the option of sufficient maturity to take forward? Pass / Fail
6.	Volume of raw or treated water?	Are you proposing to provide Thames Water with raw or treated water? Please indicate proposed volumes below: Daily: average and maximum (m^3) Annual: average and maximum (m^3) Is the water likely to be available for the duration of the planning period (80 years)? If not please provide additional information about availability.	Is water sufficiently available for consideration in WRMP? Pass / Fail
7.	Is the source drought resilient?	Please confirm that the water is available in 1:500 year drought conditions or specify any reduction in volume that could occur in these drought conditions. Please include details of any methodology used to calculate this. Alternatively, if the water is only to be made available in a drought, please indicate this here.	Is sufficient water likely to be available in drought conditions? Pass / Fail

Question #	Question area	Question	Evaluation Criteria
8.	Source ownership	Please confirm the source(s) name, location and / or grid reference. As the Applicant do you: Own the source? Lease the source? Purchase the water? Other (please specify) If you are not the owner, please provide details of the Agreement with the owner. If you intend to become the owner of the source, please provide details. Where water is purchased do you have: All the resource capacity? Part of the resource capacity? If part, please indicate the percentage_____%	Does the information confirm water could be made available by the third party for use by Thames Water? Pass / Fail
9.	Abstraction licence	For each named abstraction: Do you have a current abstraction licence from the Environment Agency? Yes/No Please provide a copy of the abstraction licence. Is the abstraction or access to water source time-limited? If yes, please provide date of expiry: dd/mm/yy	Only applicable to existing abstractions. Does the information confirm water is available from existing abstraction licences? Pass / Fail

PQQ2: For feasibility and fine screening assessment

Evaluation approach

For third party options that have pre-qualified through the preliminary screening, a second request for pre-qualification will be issued in order to collect the additional information needed for the options to be evaluated alongside in-house options in the resource option feasibility and fine screening reports. A separate feasibility report is prepared for each option type and the feasibility reports prepared at WRMP19 are available by request to consultations@thameswater.co.uk.

New third party options that pass the first prequalification step will be incorporated into these feasibility reports so as to ensure consistent assessment with in-house options and existing third party options. If third party options of other option types are identified, where these existing feasibility reports are not appropriate, then a new report will be created for the new option type.

Options that pass through the feasibility reports onto the Feasible List are all further appraised together in the Fine Screening Report which is also available (WRMP19 version) by request to consultations@thameswater.co.uk. Therefore any new third party options that are included in the Feasible List will also be appraised in the Fine Screening Report, alongside the existing in-house options and existing third party options. Options that pass the fine screening are included on the Constrained List.

Feasibility assessment criteria

The feasibility criteria are tailored to the individual option types and so there are differences in the criteria used for the different types of option. The evaluation criteria used for the feasibility reports are documented in the methodology section of each report. Stage 1 of the feasibility assessment uses pass-fail criteria, that will largely be addressed through the information obtained in PQQ1. Stages 2 and 3 of the feasibility assessment use a Red/Amber/Green (RAG) assessment against the criteria. More detailed RAG definitions are provided in the feasibility reports, but in general terms the RAG assessments indicate:

- Red – issue or constraint can be overcome, but will be very challenging
- Amber – issue or constraint can be overcome
- Green – no constraint posed

Stage 4 provides validation of the options to be carried forward into the Feasible List.

Options are carried forward from the feasibility assessment into the Feasible List for further fine screening where:

- the option is not compromised by any absolute or key constraints;
- if there is mutual exclusivity between options then only the best performing option against the feasibility criteria is carried forward, provided that this assessment could reasonably be made based upon the information available at the feasibility assessment stage; and

- if the total estimated Deployable Output of resources for a given type in a WRZ exceeds the indicative deficit for the WRZ over the planning period then only the best performing options against the feasibility criteria are carried forward to the Feasible List, provided that this assessment can reasonably be made based upon the information available at the feasibility assessment stage.

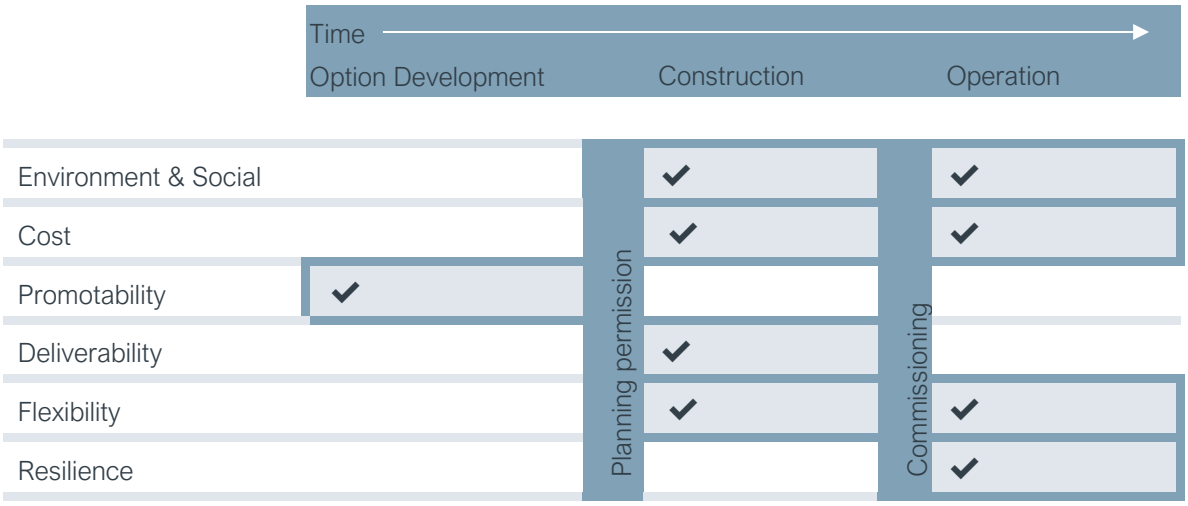
The aim of this approach is not to automatically exclude elements on the basis of identifying 'red' constraints. Instead the aim is to identify significant issues of concern as part of an initial qualitative comparison, allowing elements that clearly perform less well than others to be rejected at an early stage, so that further effort can be focused on the more viable options.

The reasons for screening decisions are recorded in the rejection register (see WRMP19 Rejection Register for example) with an emphasis on providing clear and robust explanation of the reasons for rejection.

Fine screening assessment criteria

The fine screening process compares feasible options within each WRZ. It combines quantitative analysis of costs with qualitative analysis of other relevant dimensions. A set of six dimensions and 23 sub-dimensions were developed for fine screening at WRMP19 – these dimensions are shown in the figure below which illustrates the different stages in the project lifecycle that each one relates to.

Mapping of six fine screening dimensions to project lifecycle



All resource options on the Feasible List are assessed against these dimensions to identify potential benefits/opportunities as well as the dis-benefit/risks of each option. The assessment against each dimension was categorised and visualised in a summary matrix using the categories shown in the table below. For any one dimension more than one symbol may be needed to capture the nature of the risks and benefits. For example, under the environmental and social dimension some options may include material dis-benefits during the construction stage, but material benefits during the operational phase.

Definitions for each of the six fine screening dimensions are set out in Sections 3.6.1 to 3.6.7 of the fine screening report.

Dimension category definitions

Symbol	Meaning	Definition
◉	Substantial benefit/opportunity	The option has substantial benefits/opportunities either individually or cumulatively.
◎	Material benefit/opportunity	The option has some material benefits/opportunities.
○	Neutral	The option does not have significant residual effects.
◑(r)	Material dis-benefit/risk	The option has some material residual dis-benefits/risks, either individually or cumulatively
●(r)	Substantial dis-benefit/risk	The option has substantial residual dis-benefits/risks, either individually or cumulatively

A superscript '(r)' next to the symbol would highlight that a dis-benefit/risk could potentially be reduced to 'neutral' by additional development of mitigation measures during detailed design.

To arrive at the Constrained List of options from the Feasible List, fine screening decisions are made by evaluating water resource options across all six dimensions. Rather than imposing rigid rules to make screening decisions, the focus is on ensuring that there is a clear and robust reasoning for each screening decision which has then been recorded in the rejection register. Notwithstanding this, the reasons for rejecting options have tended to fall into three categories:

- Rejection of options with substantial irreducible dis-benefit/risk unless this may be offset by a substantial benefit/opportunity
- Where there are mutually exclusive options and some are clearly less favourable than others then this would provide grounds for rejection
- Where there are more options than could reasonably be required over the planning horizon under future scenarios, then the least favorable options are rejected

The reasons for screening decisions are recorded in the rejection register. Stakeholder views are sought on the screening decisions and the decisions may be reviewed and updated in the light of stakeholder observations where appropriate.

Continual improvement means that some changes to the WRMP19 feasibility and fine screening criteria may be made for WRMP24, however it is not envisaged that these will be substantial, and they will be applied equally across relevant in-house and third party options.

Information required

The table below lists information required in PQQ2 to inform the feasibility and fine screening assessment.

Question #	Question area	Question	Evaluation Criteria
1.	Water Availability	Reconfirm the information provided in PQQ1 relating to volume of water available and potential regulatory or legal barriers that would prevent Thames Water using the water. Provide evidence of the drought reliability of the source (equivalent to source "Deployable Output" for a water undertaker). This should include technical information relating to how the yield assessment of the source has been derived, taking account of guidance in UKWIR (2014) Handbook of source yield methodologies. For ground water and surface water sources please provide the following additional information relating to the abstraction licence: - Licence volumes including annual, daily, hourly and other time period restrictions, as well as any licence aggregation - Limitations on installed pump capacities - Condition of use (i.e. use of the water as specified in the licence) - Geographical area over which the water can be supplied - Any flow related restrictions such as flow constraints - Statement of any Section 20 agreements (Water resources Act 1991), which may limit water resource availability at critical times - Time limitations - Any monitoring requirements - Potential for sustainability reductions (reduction of licence for environmental reasons) - Source headroom (e.g. potential licence reduction uncertainty)	Feasibility Stage 1 and 2 – Water Source and Availability Fine Screening Report – AISC and data confidence sub-dimensions
2.	Synergies, lead time, phasing and adaptability	Are there any perceived synergies with other resource options or water resource zones in the south east? Provide details of WRZs that could be supplied, both directly and indirectly. Provide the earliest anticipated start year and lead time for delivering and commissioning the solution. For large scale options, describe opportunities for phased implementation that may allow deployable output increases to more closely match the profile of resource deficits.	Fine Screening Report – Synergies, lead time, phasing and adaptability sub-dimensions

		Describe whether there are ways in which the resource option might be adapted in future to meet unexpected future requirements e.g. in terms of potential to incorporate other potential sources, meet uncertain future needs, or accommodate changes in water quality.	
3.	Customer, local and wider acceptability	Provide evidence you have, if any, on customer views in support of, or in opposition to, the option. Provide evidence you have, if any, on local stakeholder views in support of, or in opposition to, the option. Provide evidence you have, if any, on wider stakeholder views in support of, or in opposition to, the option. This could include views of representative groups (e.g. CPRE and RSPB).	Fine Screening Report – customer acceptability, local acceptability and wider stakeholder acceptability sub-dimensions
4.	Resilience	Identify and describe any circumstances when water might not be available, including any information on how frequently this might occur. Describe how climate change projections may impact upon source reliability and availability. Describe how the option is expected to perform in a drought event worse than that experienced in the last 100 years and what impact can be expected on the option yield. Please also provide analysis of the effect of more severe drought events (specifically, 1:500 year return periods) on the option yield. Please detail any methodologies used to provide the above information. Describe how dependable the source is – how confident can Thames Water be that water will be available when required? How would the option contribute to system resilience e.g. could it be utilised to mitigate unplanned outages? Review and describe the resilience of the option to other hazards including: flooding, pollution outages, physical damage, power outage, communications loss, supply chain loss, staff shortage/loss of access to site.	Feasibility Stage 1 and 2 – Resilience to drought, climate change and other external pressures. Fine Screening Report – Resilience dimension

5.	Details of above ground sites required to operate the scheme	Provide the following details for feasibility assessment: - Location (please provide GIS information) and area of permanent and temporary above ground sites required for construction and operation of the option - Ownership details of any land that would need to be acquired - Likely permanent and temporary access arrangements - Details of above ground structures including likely building and structure heights - Proposed landscaping - Pipeline routes (please provide GIS information), length and diameter - Pumping requirements including head and power - Power supply availability	Feasibility Stage 2 and 3 – to inform assessment of multiple environmental and engineering criteria
6.	Treatment proposals	Provide high level details of treatment process design for any treatment facilities associated with the scheme: - design parameters - process selection - facilities for waste disposal - likely power requirements	Feasibility Stage 2 and 3 – Water treatability / process complexity, connectivity to waste system
7.	Breakdown of the likely costs of the scheme (£m)	If a collaborative, co-funded (open book), approach is adopted then initial cost information for the proposed project over 80 years will be needed. 1) Capital costs including optimism bias (construction and replacement) 2) Operating costs (Fixed and variable) 3) Third party return required If a non co-funded (closed book) approach is adopted then, as a minimum, fixed (annual) and variable (per Ml/d) charge will need to be tendered.	Feasibility stage 3 – Normalised cost: Does the option avoid excessive cost, using available outline cost information? Comparison of unit costs with existing schemes of same type - Est. land cost - Normalised cost Fine Screening Report - Cost Dimension: AISC
8.	Carbon	Carbon accounting including both embodied and operational carbon using required approach (required approach TBC). Please provide details of estimated power consumption for whole scheme in operation,	Feasibility stage 3 - Cost: Does the option avoid excessive cost, using available outline cost information? Fine Screening Report - Cost Dimension: AISC

9.	Evidence of likely adverse effects on water quality and potential mitigation.	Provide details of adverse effects on receiving waterbody environment from regulation release discharges, including: - adverse effects on the waterbodies located within or upstream/downstream of any proposed reservoir intakes, desalination intakes, abstractions, effluent redirection. - adverse effects on groundwater or surface water dependent features (e.g. SAC, wetlands, peat deposits, palaeoarchaeology, heritage sites) due to reservoir construction, abstraction, river regulation discharges, redirection of effluent discharges. - adverse impacts on reservoir water quality that may arise once constructed. - risk of deterioration to current (2015) WFD overall status Details of proposed mitigation.	Feasibility Stage 2 – Water resources and water quality Fine Screening Report – WFD sub-dimension
10.	Engagement with regulators	Provide details of any engagement there has been with regulators such as the Environment Agency, Natural Resources Wales, Drinking Water Inspectorate, Ofwat, Natural England and Historic England. Provide details of any issues that have been identified and details of any further investigations required in order to remove or mitigate issues identified.	Fine Screening Report – Regulatory acceptability sub-dimension
11.	Flooding risk	Comment on whether you anticipate that this project will impact on risk of flooding in the surrounding area. Identify any new infrastructure that would be located in the flood plain and identify the area of land required that would be located in flood zones 2 and 3.	Feasibility Stage 2 and 3 - Floodplain encroachment (loss of floodplain / need for compensation storage)
12.	Operating strategy and experience	Provide a description of likely operating arrangements. Provide details of your experience delivering and operating solutions of a similar nature. Set out operating modes and times required for ramp-up and ramp-down, and the basis for these assumptions. Describe dependencies on other parties, processes or assets and known risks associated with these dependencies.	Feasibility Stage 2 – Operational Complexity. Fine Screening Report - Ramp-up, operability and dependencies sub-dimensions
13.	Transport and supply arrangements	Detail any requirements from Thames Water (including activities and infrastructure both temporary and permanent) required to enable supply. For bulk imports please provide details of the source and method of transport and supply additional information: - Type, size and capacity of transport	Identify infrastructure required to be developed and operated by Thames Water to deliver option. Confirm that materials comply with Water Quality regs (Section 31).

		- Infrastructure facilities and equipment a. that you own or can use to enable off-loading (discharge) and storage b. that you expect to be provided by Thames Water to enable off-loading (discharge) and storage. Include any requirement for Thames Water staff to maintain any assets. - Frequency of delivery and duration of discharge to meet the demand as stated in the specification. - Provide details of all expectations of Thames Water to enable you to provide this supply. - Confirmation that all materials used in the supply of water comply with The Water Supply (Water Quality) regulations 2016 and 2018.	
14.	Treated water supplies	Access Point Details: - Please confirm details of the proposed Access Point to TW's network: 10 digit grid reference - The pressure that water is proposed to enter the system in metres head Indicate any variation in flow pattern e.g. seasonal. Provide any further details about the flow profile e.g. phased implementation.	Feasibility Stage 2 – Operational complexity Fine Screening Report – phasing sub-dimension
15.	Constructability	Identify potential constructability issues that will need to be addressed including uncertainties surrounding technologies, processes, land availability, environmental constraints or contamination risks. Comment on whether implementation of the project will negatively affect existing Thames Water operations or supply resilience during its delivery?	Feasibility Stage 2 and 3 – Construction complexity Fine Screening Report – constructability and data confidence sub-dimensions
16.	Environmental/ Sustainability credentials of company	Detailed in a separate Environmental Questionnaire document.	Environmental/ Sustainability credentials of company including details of any environmental prosecutions in the last 3 years
17.	Environmental and Social effects	Please set out any known environmental or social benefits or adverse effects of your offer. Confirm if the supply will impact any designated environmental or historic sites, and if the scheme will impact any amenity sites either temporarily or permanently. To inform Habitats Regulations Assessment identify whether the option has the potential for likely significant effects on European Sites	Feasibility Stage 2 and 3 – multiple environmental and planning criteria Fine Screening Report – HRA sub-dimension

		including detailing any mitigation measures assumed. Thames Water is actively seeking to promote solutions that generate public value – more details on our commitments in this area can be found here: https://www.thameswater.co.uk/about-us/responsibility/sustainability. If your solution offers or has the potential to offer wider benefits such as holistic catchment or landscape based environmental improvements or improved access to green space, please detail these. If you have an understanding of whether your proposed scheme will impact either the Natural Capital or the Biodiversity (i.e. Biodiversity Net Gain) of the proposed scheme location, please describe this.	

Environmental Assessment – Vendors Self-Assessment Questionnaire

Name of Company: _____

Grey = No, Has not started, No Documentation, Non-existent.
Light grey = Partly, In progress, Started, Some results achieved.
White = Yes, Completed, Documented, Requirements met.

	Section/Questions	No	Partly	Yes	Comments
	A. Commitment and Policy				
	Does/Has your company:				
A1.	Have a senior manager/director or main board member with specific environmental responsibility?				
A2.	Have a documented environmental policy?				
A3.	Communicate the environmental policy to employees?				
	B. Internal Environmental Management				
B1.	Have in place an environmental management system? **(If 'NO' please go to B3, if 'YES' or 'PARTLY' please continue to answer ALL of the following questions)**				
B2.	Have or are working towards ISO 14001, EMAS or any other standard? **(Please tick 'YES' if you are certified or 'PARTLY' if you are working towards certification)**				Please give a date of planned certification or certificate number:
B3.	Have a documented environmental review identifying your company's environmental impacts? **If 'YES', please list the 3 most significant environmental impacts your company has on the environment in the comments section.**				Please state your 3 most significant environmental impacts: 1. 2. 3.
B4.	Understand its legal responsibilities?				
B5.	Have environmental targets based on your most significant environmental impacts?				
B6.	Have an environmental audit process in place in your company?				
B7.	Have an environmentally focused supplier programme?				
B8.	Have any emergency plans to deal with environmental accidents/disasters?				
B9.	Had any environmental prosecutions during the past 3 years? **(If 'YES' please provide details)**		**N/A**		
B10	Does your Company have a Carbon Emissions Reduction policy? (**If 'YES', please enclose a copy. Please also provide details of any carbon reduction targets that your Company has set, how you intend to achieve these and in what timescale)**				
	C. Communication				
C1.	Have an employee environmental programme (i.e. internal communication, training and responsibilities)?				
C2.	Produce an annual environmental report? **(Please state the format of this publication)**				Format of the publication:
C3.	Communicate with external stakeholders?				
	D. Product Information and Recycling *(Please only complete if you supply products to Thames Water)*				
D1.	Considered environmental impacts when selecting materials or new design solutions?				

D2.	Have products certified under the European Ecolabel or any other scheme? (Please specify other scheme).				
D3.	Use recycled, remanufactured, or refined materials in your products or services.				
D4	Designed the packaging to minimise waste and use recycled materials?				

Detailed Proposal – for Investment Programme Appraisal

Evaluation approach

Detailed proposals will be reviewed to ensure that technical and commercial information continues to demonstrate that the option is feasible. Where issues are identified which potentially call into question the feasibility of the option then, clarification will be sought from the counterparty and back-checking will be conducted to ensure that the feasibility assessment remains valid. Subject to confirmation that the option remains feasible, the detailed proposals will be incorporated into Thames Water's programme appraisal, alongside other in-house and third party options. Further details on the evaluation approach involved in the Investment Programme Appraisal stage can be found in our published WRMP19 available on our website.

Information required

For options that are included on the Constrained List, further information will be required to inform programme appraisal. Where key information is not provided, calling into question the suitability of the option, then the option may be excluded from programme appraisal until such information is provided. The information required is expected to include:

1. A Conceptual Design Report (CDR includes) developed to a similar level of detail as that for Thames Water's existing WRMP19 options. Examples of conceptual design reports can be made available for inspection at Thames Water's offices on request. The CDRs will set out:
    a. the conceptual engineering design including pipeline routes, site locations and layouts, hydraulic profiles, process design, process flow diagrams, power supply and water quality monitoring requirements
    b. operating assumptions including energy use, chemical usage
    c. environmental constraints and mitigations included in the design
    d. evidence of the water resources benefit modelled through WARMS2 (Water Resources Management System 2), and for stochastically generated drought events including a 1:200 and 1:500 drought scenario
    e. key design assumptions and risks
    f. a gantt chart for implementation of the option

2. Operating philosophy detailing the measures that will be in place to ensure that resources are available when required and any ramp-up and ramp-down periods that will be needed, including details of ramping activities and planned maintenance procedures that will be in place to ensure availability when required.

3. For options involving supply of treated water, water quality data will need to be provided including:
    a. Water quality sample results, analysed for the parameters set out by Thames Water in Annex 3, Tables 10 and 11 of the Thames Water Access Code
    b. Confirmation that sampling and analysis has been carried out in accordance with the requirements of section 16 of the Water Supply (Water Quality) Regulations 2016 and 2018, and in particular the requirements of Regulation 16 (e) on analytical quality control.
    c. A statistically significant number of treated water sample results should be submitted to Thames Water. As a minimum, the samples must be representative of water quality over 4 seasons in 1 year. However the licensee should submit all available water quality data.
    d. Treated water samples should be taken at a point where the water is representative of that which the licensee proposes to introduce into Thames Water's Supply system.
    e. Risk assessment for Cryptosporidium, consistent with Thames Water's format, and a notice of satisfaction from the Drinking Water Inspectorate confirming the results of the risk assessment must be submitted with the risk assessment.
    f. List all determinands for which there is evidence or risk of exceedance at the customer's tap and indicate what steps have been taken to mitigate these. List all issues for which there have been historical breaches of water quality regulations at customers' taps from specified supply.
    g. General organics - provide results of GC/MS scan carried out on the water by a UKAS accredited laboratory with interpretations of specific peaks.
    h. Pesticides and related products as defined in The Water Supply (Water Quality) Regulations 2016 and 2018 - provide a list of potential pesticides and related products that could enter the supply.
    i. Radioactivity - Have you received a regulation 6(7) notice for exemption from radioactivity monitoring? Yes/No
    j. Details of an assessment carried out to ensure that the source complies with Regulation 15 of The Water Supply (Water Quality) Regulations
    k. Where data is not representative of the proposed input because samples have only been taken from untreated or partially treated water, the same analysis and interpretation of data is required as is defined for treated water. However the licensee will additionally be required to make quantitative predictions about the change in each parameter occurring as a result of treatment, together with evidence to support the efficacy of these assumptions.

4. Where new option includes a discharge back to the environment, provide evidence that the discharge will not cause deterioration of the water body or adversely impact downstream abstractors.

5. Confirmation of acceptance of/adherence to Thames Water's Health and Safety Policy, Sustainable Procurement Policy and Honest and Ethical Behaviour Policy.

6. Final commercial offer including (but not limited to – note that more information on the costing methodology will be made available at this stage):
    a. If a collaborative (co-funded), open book, approach is adopted then:
        i. 80 year profile of capital costs (construction and replacement)
        ii. 80 year profile of operating costs (Fixed and variable)
        iii. Quantitative risk assessment (including risk percentiles) and optimism bias assessment
        iv. a return to the third party will need to be tendered for inclusion in modelling
    b. If a non co-funded (closed book) approach is adopted than, as a minimum, fixed (annual) and variable (per Ml/d) charge will need to be tendered
    c. Information on any changes in charges between dry year, normal year, or critical period
    d. For capital costs a breakdown of capital costs by asset lives will be needed and/or a profile of capital maintenance costs
    e. An option price (£p.a.) for reserving the option for Thames Water for up to 10 years at the above charges, including any indexation of the charges that may be applicable
    f. Further information to support financial due diligence including:
        i. Financial statement (including Tangible Net Worth)
        ii. Credit checks (e.g. Moody's/ S&P)
        iii. Financial statement of any Guarantor (including Tangible Net Worth)
        iv. Details of any Guarantor (including whether ultimate parent)
    g. Agreement on commercial terms including
        i. Accept limit of liability calculated based on how much damage the Supplier can cause to Thames Water through poor contractual performance or otherwise.
        ii. Prepared to provide public liability / products insurance cover calculated based on a worst case scenario
        iii. Accept change of control restrictions (a change in control may affect financial standing)

7. Carbon accounting including both embodied and operational carbon using required approach (required approach TBC)

Information on environmental and social impacts (both positive and negative) as well as on wider benefits. The details of the information required will be confirmed once the Water Resources Planning Guidelines for WRMP24 are published and once Thames Water's approach to environmental assessment at WRMP24 and the requirements for the WRSE regional plan have been clearly defined.


Thames
Water