



Bioresources Bid Assessment Framework

September 2022

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1 Introduction

This is Thames Water Utilities Limited's ("Thames Water") 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 needs.

1.1 Why have Thames Water issued a BAF?

Thames Water wants to encourage third parties to submit bids for solutions covering bioresources services at appropriate times that create value for customers. These solutions will help Thames Water meet its future needs and benefit our current and future customers. In the context of the BAF, third parties can be independent entities or other incumbents (in their respective areas) from outside the Thames Water area.

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.

Thames Water currently publishes information for third parties, as part of the annual Market Information Platform. This information (the latest version is available on our website at <https://www.thameswater.co.uk/about-us/responsibility/managing-sewage-sludge>), together with the BAF, will support innovation and the development of the bidding market for bioresources.

The introduction of the BAF is expected to lead to an increase in the number of third-party bids Thames Water receives and, in the process, increase competition and innovation in the delivery of bioresources. 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. It will publish these figures for the year prior to the introduction of the BAF and all subsequent years on our website alongside this document to provide transparency around the number of third-party bids it receives.

1.2 What the BAF provides

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,
- complaints processes.

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

The BAF applies to the following services covering Thames Water's future bioresources needs.

- **Capacity Supply and Demand:** services that help meet Thames Water customers' future sludge treatment needs, where Thames Water has a treatment capacity deficit.

- Transport: the implementation of services, which transport liquid and dewatered sludge between facilities.
- Disposal solutions: services that help meet Thames Water customers' future sludge disposal needs, where Thames Water has a deficit or reduced resilience due to land recycling constraints.

Thames Water has the option to contract several services under the Non-Infrastructure Alliances for AMP7 with a further possible extension into AMP8. Thames Water has bundled a number of these services together with the aim of realizing the benefits of longer-term assurance and stability working with the supply chain to ensure our needs over the longer-term is being planned for and delivered resiliently longer-term training and development programmes to ensure that Thames Water can develop people for the future needs of our business, 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 Utility Contract Regulation (UCR) 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 UCR).

1.3 How the BAF complies with existing obligations

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

- **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 (water resources) of negotiating and trading with entities on a fair, reasonable, sustainable, and transparent basis.
- **Competition Law** - The BAF will not artificially narrow competition (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 all current Statutory and Regulatory Obligations. Any proposed changes will be assessed when they come into effect and the BAF updated accordingly.

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 the law.

1.4 Structure of this document

This document is structured as follows:

- [Section 2](#) provides an overview of the bid assessment process and key principles and policies underlying it.
- [Section 3](#) explains how Thames Water will engage with third parties and help them identify opportunities to bid.
- [Section 4](#) sets out Thames Water's processes and policies for assessing bids for Bioresources.
- [Section 5](#) sets out Thames Water's processes and policies for assessing bids for services covered by the Utilities Contract Regulations 2016 ('UCR').

- [Section 6](#) details the governance processes in place to ensure the bid assessment process is transparent and that all potential suppliers are treated equally.

2 Overview of the BAF

2.1 Key principles

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.

2.2 What the BAF provides

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.

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

The BAF applies to the following services covering Thames Water's future wastewater needs:

- **Bioresources:** services that help meet Thames Water customers' future sludge transport, treatment, and disposal needs, where Thames Water has a capacity deficit.

2.3 Outline of the BAF process

This BAF sets out how Thames Water will engage with the market to determine the best way of meeting its bioresource needs.

Thames Water will begin its market engagement by publishing a Periodic Indicative Notice (PIN) in the UK government 'find a tender service' web-portal at the start of each business planning cycle. The PIN is just for information in relation to planned bioresource capacity procurement but invites proposals in relation to wider bioresources management services.

Thames Water is always open to new ideas and proposals for bioresources 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. Any such submissions will be considered carefully by Thames Water as to whether it should procure additional services or re-procure existing services. This BAF will not alter or affect the running of a UCR compliant procurement.

Thames Water will open the competition for bioresource solutions using qualification system notices (QSNs) or Contract Notice. The QSN or Contract Notice are published on our website and/or the UK government 'find a tender service' web-portal to advertise for proposals to meet bioresource need. QSNs and Contract Notices will also set out the confirmed qualification requirements that bidders will have to meet (pre-qualification criteria are set out in this BAF). The QSN or Contract Notice will invite bids for both standard and fast track bid assessment. Bids that qualify for fast track can be submitted at any time (open process) or within defined timescales set out in the QSN or Contract Notice (time limited process).

The bid evaluation criteria are common to all QSN and Contract Notice and are set out in this BAF.

2.4 How the BAF complies with existing obligations

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

- 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).
- 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.
- 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.

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

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.

3 Market engagement

3.1 Overview

Thames Water seeks to provide transparency to third parties, allowing identification of new opportunities to bid for bioresources services by publishing:

- Our draft Bioresources Management Plan at least every five years, setting out our needs over the next 20-40 years.
- A Periodic Indicative Notice (PIN), at least every five years, notifying third parties of its intentions to procure bioresources services.
- Market information on an annual basis.
- A 'rejection register', updated on an ongoing basis, which lists types of non-confidential solutions that have been assessed and not considered viable, and the reason for this.

This information is made available on our website where you can also find:

- the BAF document,
- an example of a Request for Proposals,
- a list of relevant Thames Water open tenders and associated tender documents,
- any relevant forms (e.g., pre-qualification and bid submission forms),
- the latest Thames Water draft Bioresources Management Plan,
- contact details for Thames Water,
- links to any other relevant information,
- feedback form to capture any ideas for improving.

3.2 Bioresources Management Plan

The draft Bioresources Management Plan sets out how Thames Water plans to provide a secure and sustainable bioresources service to its customers over the following 20-40 years. It sets out the treatment capacity requirements on a geographic basis (across the current 25 treatment facilities) and over time, covering the current up to 40 years. The draft Bioresources Management Plan has been developed through extensive stakeholder engagement and consultation, conforming to UK legislation and the Environment Agency guidelines.

The Bioresources Management Plan forms the basis for identifying the need for future services that third parties can bid solutions for under the BAF. This need is defined as a set of Outcomes (for example, a tonnes dry solids deficit in a specific year or time period, in a given geographical area) which allows bidders to consider bidding for new and innovative solutions to deliver all or part of Thames Water's requirements.

Outcomes are high-level objectives that Thames Water is seeking to deliver to meet its supply demand deficit and thereby its customers' future bioresources needs. The deficit can be addressed in several ways, including developing new capacity resources on our sites to third-party service offerings. The Outcomes do not prescribe how these objectives are delivered, which will allow third parties to develop and propose innovative solutions and support the development of the bidding market for these services. As a result, Outcomes may not be exclusively linked to specific items set out in QSNs and Contract Notices as they may also

be open to system wide offerings. The following are illustrative examples of potential Outcomes:

1. *Deliver an additional 50 tonnes dry solids per day of capacity across the whole system.*
2. *Reduce haulage costs / volumes in Thames Valley.*
3. *Improve the resilience of the site at Basingstoke digestion facility through better use of biogas.*

3.3 The Periodic Indicative Notice (PIN)

The PIN will be published on our website and/or the UK government 'find a tender service' web-portal and notifies third parties early of Thames Water's overall approach to bioresource related procurement at the start of each AMP business planning cycle.

The PIN is for information in relation to planned bioresource procurement. However, although it is not a call for competition, it also invites third parties to submit proposals for wider services that are different or better value than the current services provided to Thames Water. Thames Water will provide details of its current management services in its Bioresources market information platform, for third parties to compare their solutions against. Thames Water is always open to new ideas and proposals for to improve its overall bioresources services.

3.4 Market Information

Thames Water publishes Supply and Demand Balance (SDB) at individual sludge treatment centre level on its Bioresources Market Information Platform (MIP) and 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.

Ofwat's Market Information Platform (MIP) is updated annually in parallel with Thames Water's Annual Return process¹, 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).

3.5 The 'Rejection Register'

Thames Water will maintain a rejection register and include types of solutions that are not considered viable, including the reasons for this (with confidential or commercially sensitive information redacted).

¹ <https://www.ofwat.gov.uk/regulated-companies/markets/bioresources-market/bioresources-market-information/>

4 Bids for Bioresources

The **Bioresources Management Plan** process is a strategic planning process which enables Thames Water to forecast its needs over the next 20-40 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.

As specified in our PIN, Thames Water welcomes proposals for sludge transport, treatment, and disposal management solutions for consideration as part of the PR24 process.

Thames Water welcomes any proposals for 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 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 process – third parties should get in touch by visiting <https://www.thameswater.co.uk/procurement> quoting the reference 'xxxx-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.

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 (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

In line with the principle of proportionality, Thames Water has ensured 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.supportcentre@thameswater.co.uk (quoting the reference 'xxxx-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.

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

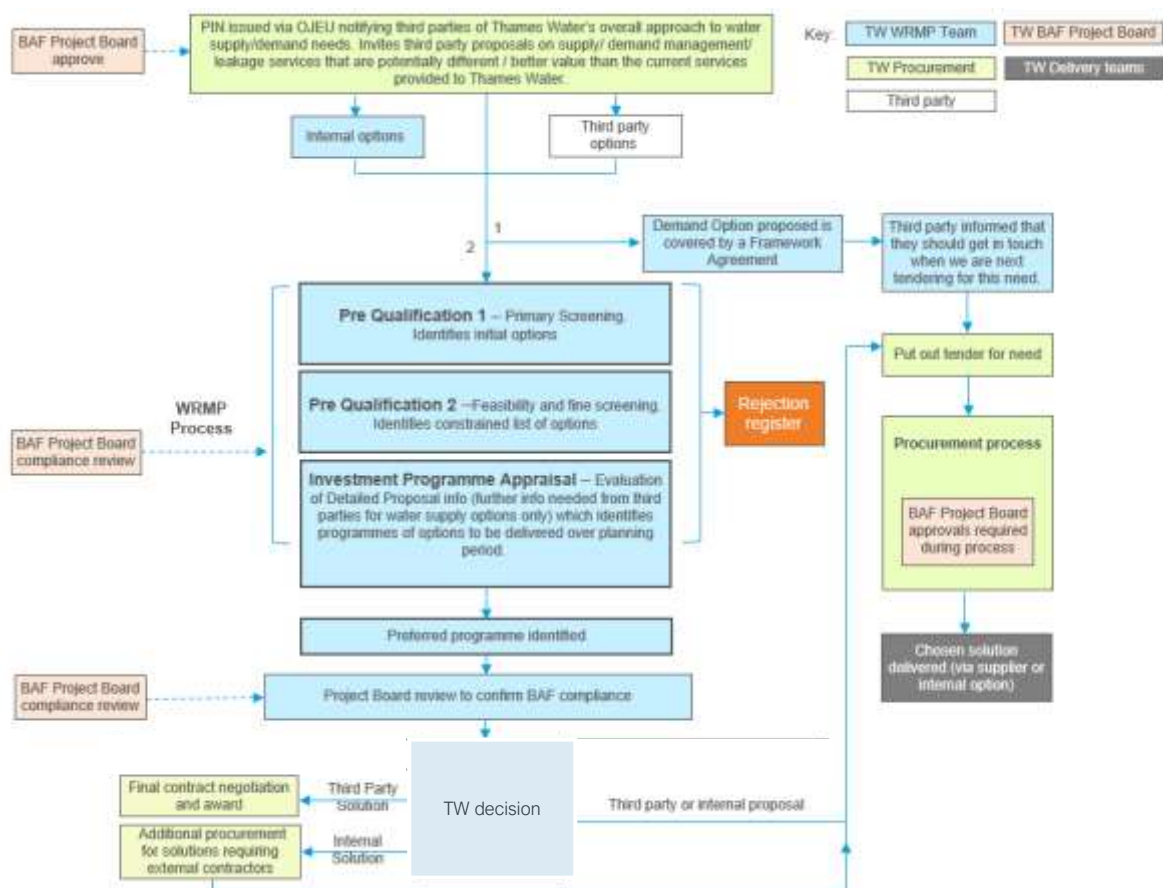
party independent to this process will assure that the evaluation has been carried out in a way that treats all proposals equally and in line with the principles outlined in this BAF.

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.

4.1 Overview of the process

Figure 1 summarises the process for inviting and assessing bids for services using the WRMP as a template for consistency across the company.

Figure 1: Evaluation process to assess proposals following the WRMP24 used as a template for Bioresources BAF; the level of evaluation carried out will be proportionate to the scale of the solution



Source: Thames Water internal analysis

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)
- Company name
- 2 x Contact names

- 2 x Contact phone numbers
- 2 x Email addresses
- Whether they are proposing a transport, treatment of disposal services solution

Third parties may contact Thames Water at the above address at any time to register their interest.

On registering their interest using the email address above, third parties will be registered on Thames Water’s IASTA Smart-Source 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).

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.

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 consider any clarification points in their bid.

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

During the evaluation process, the assessment 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.

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

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

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

Pre-qualification Stage

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 (evaluation questions and criteria). The PIN will provide:

- The need.
- 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 'xxxx-BAF'; and
- Expectations regarding timelines for consideration of proposed solutions.

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.

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 non-standard innovative options, 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

The Pre-qualification Stage is intended to identify the interested parties that meet certain financial, regulatory, environmental, and health and safety standards that are required for Thames Water to award a contract to a third party and can demonstrate a proven track record with sufficient capability and capacity to deliver the solution.

Thames Water undertakes the pre-qualification assessment prior to inviting bids so that bidders are aware of whether they meet 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.

Applying proportionality to pre-qualification requirements

It is vitally important that Thames Water undertake the 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 need to be proportionate to Thames Water's requirements set out in the QSN or Contract Notice. The pre-qualification stage will require third parties to provide only the level of information that is required to determine whether the third party 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.

In general, specifications that are less complex are likely to have less onerous pre-qualification requirements. For example, a specification that requires a relatively small volume of additional treatment capacity to be delivered is likely to have less extensive pre-qualification requirements compared to a specification for a relatively larger overall site upgrade.

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

Pre-qualification criteria

Where third parties offer bioresources services, it is likely that such an offer will comprise part or whole of a possible overall project. The offer therefore needs to be considered and evaluated in a manner as similar as possible to in-house solutions, and so that it can be directly compared to them.

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 and specification set out in the need information as referenced in the PIN. 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 will require significant time investment from a third party including a comprehensive financial proposal.

Third parties proposing options whether simple or small 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.

Whilst Thames Water will endeavour to complete the pre-qualification assessment in a timely manner there may be delays between the various phases and it reserves the right to stop the process at any point.

Submitting pre-qualification information

Third parties that wish to pre-qualify can do so by registering their interest to procurement.support.centre@thameswater.co.uk quoting the relevant reference. 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.

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.

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.

The Pre-qualification assessment

Thames Water's evaluation team 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

The evaluation team will notify all parties that submitted a response to the pre-qualification process of the outcome of the pre-qualification assessment, stating whether they have pre-qualified to bid at the next stage of the process.

For those third parties that did not qualify the evaluation team will provide a short explanation of the reasons, highlighting the criteria or requirements that were not met.

Third parties that did qualify will be invited to submit bids through a tender process.

Specification Stage

Inviting bids

Following the pre-qualification stage, Thames Water will invite bids through a tender process. This invitation will set out:

- **The Specification** – a detailed description of the bioresources service(s) that are being tendered.
- **Timescales** – the target deadline to submit bids and the indicative timeframe for assessing bids and communicating a decision.
- **Contracting Arrangements**- the expected contract arrangements. See the Contract Award Stage for further details.
- **Contact details** – the name of the procurement lead and a designated mailbox for sending clarification questions and registering interest.

Clarification Process for bidders

Once the invitation has been issued to bidders, any further clarification questions from the bidder need to be submitted via the Thames Water portal. Clarification questions will be reviewed by Thames Water who will then publish the question and response (with any

confidential information redacted) simultaneously via the Thames Water 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 consider any clarification points in their bid.

Submitting Bids

All bids should be submitted on the Thames Water IASTA SmartSource, along with a completed submission form by the deadline specified in the invitation.

Co-funding of Detailed Proposal development

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.supportcentre@thameswater.co.uk (quoting the reference 'xxxx – 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

Once Thames Water receives bids, they are evaluated against the evaluation criteria set out in the BAF. The evaluation process and timescales differ depending on whether bids are to be assessed through Fast Track bid assessment or Standard bid assessment process. This section explains the different evaluation processes, and how Thames Water ensures that all bids are evaluated on a fair and equal basis against one another and against any proposed in-house solution.

Evaluation criteria

All confirmed bids are passed through the Bioresource Supply and Demand Balance Decision Support Tool. Here we evaluate all the bids to meet the wider need to transport, treat and dispose of sludge across the whole system. This modelling tool provides several long-term plans out to 40-years and is then evaluated against various screening dimensions including environment, cost, deliverability etc. described below.

The Bioresource SDB Decision Support Tool develops a preferred program of outcomes (including selected bids) to meet the need for bioresources services over the next 40 years, and we place the shorter-term requirement within our company business plan. This activity will utilise the Project Board mentioned above and aligns with the overall governance of the business to the Board of Thames Water.

The evaluation criteria will mirror the internal criteria used for screening of options as mapped in Table 1 below. These internal criteria will be adapted for the individual need or project, and weightings will be bespoke for the individual need or project.

Table 1: Mapping of six fine screening dimensions

	Time					
	Option Development	(Planning or Environmental) approval process	Construction	Commissioning	Operation	
Environmental and social			✓			✓
Cost			✓			✓
Promotability	✓					
Deliverability			✓			
Flexibility			✓			✓
Resilience						✓

Source: Thames Water

Environment & Social: Comparison of option Average Incremental Carbon Impact against a benchmark value.

Cost: Comparison of option Average Incremental Cost against a benchmark value. The comparison considers uncertainty ranges as well as the relative magnitude of point estimates.

Promotability: The promotability dimension considers the scheme up to the point of permission being granted (including planning and environmental permitting) and includes the application of professional judgement relating to the following sub-dimensions:

- Synergies (e.g., synergies with wastewater needs on adjacent sewage treatment works),
- Customer preference (e.g., in relation to renewable energy reuse, including views of Customer Challenge Group),
- Local acceptability (e.g., in relation to planning challenges),
- Regulatory acceptability (including DEFRA, EA, Ofwat),
- Wider stakeholder acceptability.

Deliverability: The Deliverability dimension evaluates the option from the planning permission stage to commissioning and operation. It includes assessment of construction, technology, and other implementation risks, as well as.

- Constructability: Uncertainties surrounding construction - e.g., unknown technologies, land availability, access, or contamination risks,
- Operability: Whether there is a track record of successfully using the technology and if it is a dependable and proven technology,
- Dependencies: Dependencies on other assets, activities or third parties,
- Data confidence: Reliability and uncertainty of design data and DO assessment methodologies, etc.

Flexibility: Assessment of how flexible an option is to changes in requirements including in relation to:

- Lead times: How quickly can the solution be delivered,
- Phasing: Potential for the scheme to be incrementally built and/or commissioned,
- Adaptability: Whether the scheme is extendable once built,
- Ramp-up: How quickly the system can respond to changes in demand over its operational life.

Resilience: The Resilience dimension considers the likely performance of the option from the operational stage continuing. It is an assessment of confidence that the option at the given cost will provide the stated deployable output:

- Vulnerability to climate change,
- Resource predictability,
- Contribution to the wider system's resilience to outage,
- Vulnerability to other 'failure modes' (e.g., pollution events, power outages, chemicals commodity; recycling restrictions).

Normalising Bids

All Bids will be reviewed by the Thames Water evaluation team to ensure that commercial and technical aspects of the bids are comparable to the extent possible. This may require the evaluation team to convert aspects of the Bids into comparable metrics. For example, where the price of bids is not in the same units the evaluation team are likely to convert them into equivalent units. Bidders may be notified of any conversions made from their Bid through the Thames Water BAF portal. Thames Water will provide a Bid sheet for bidders to complete key information which if completed correctly by bidders should prevent the need to undertake this exercise.

Bid clarification

During the evaluation process, the Thames Water evaluation team may need to clarify aspects of bids or request further information. These requests will be made through the Thames Water 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 access to the portal to view it. Responses to these requests should be made via the Thames Water portal.

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

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

Evaluating bids

An evaluation team from Thames Water, consisting of individuals from our Bioresources team and procurement experts from within the Commercial and Finance teams will evaluate each bid against the technical and commercial evaluation criteria in accordance with the principles of the BAF. There may be one or more rounds of evaluation.

Our Bioresources team will undertake a technical assessment of bids using the technical evaluation criteria. This will also involve running the bids through Thames Water's Bioresource SDB Decision Support Tool to inform the assessment. Each bid will be scored against the technical evaluation criteria, along with an explanation for the score given.

The Commercial team will score bids against the commercial evaluation criteria. Scores against both technical and commercial evaluation criteria will be moderated, and a weighted score given to each bid.

The evaluation team may seek further clarification from bidder(s) and undertake negotiations with bidder(s).

Keeping Bidders informed

If the evaluation process is not expected to be completed within the indicative timeframes for Fast Track or Standard Bid Assessment, Bidders will be notified via the BAF Portal and provided with an updated indicative timeframe for receiving a decision. Thereafter, Bidders will be updated on the progress of the evaluation on a frequent basis via the BAF Portal.

Communication of Decision Stage

Notifying Bidders

The evaluation team communicates the decision to accept or reject a bidder's bid, along with the reasoning, through the IASTA SmartSource Portal. A Standstill Period in which Bidders have an opportunity to consider whether to submit a complaint of the decision follows this. The decision and identify of the bidders will not be made publicly available until the Contract Award Stage.

Complaint Process

At any time during the 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 (see Complaints Process).

Contract Award Stage

Awarding the contract

Once all complaints have been heard and a decision ratified by the Project Board, Thames Water will award the contract.

Timeframe for award

The proposed contracting arrangements and indicative timeframe for awarding a contract will be set out in the respective invitation to bid. The indicative timeframe for awarding a contract will depend on the nature of the specification. Specifications that are tendered through the Fast-Track bid assessment process are likely to have shorter indicative timeframes for award. Thames Water will aim to award contracts for these specifications within 30 business days of a decision being ratified by the Project Board.

Specifications that are tendered through the Standard track bid assessment process are likely to have longer indicative timeframes for award, since they will have relatively high requirements in terms of treatment capacities, resilience and quality and will need to be awarded. The timeframes for awarding contracts through this process will inevitably vary. The actual timeframe for awarding a contract will depend on the nature of the bids received and the time taken to agree terms and conditions of the contract.

Publishing information on the award

Information on any contracts awarded under the BAF will aim to be published on the BAF portal after the contract award date.

5 Bids for services covered under UCR

5.1 Overview of the process

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

As the UCR 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 solutions, it will communicate this to all bidders to provide transparency. If during the UCR process Thames Water finds that the needs it was seeking to meet through a UCR procurement can be met through one of its in-house solutions that clearly offers best-value, then it may cancel the UCR 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.

5.2 Pre-qualification and evaluation criteria

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. For reference, recent UCR compliant procurements run by Thames Water can be found on the OJEU portal.

5.3 Timeframes

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

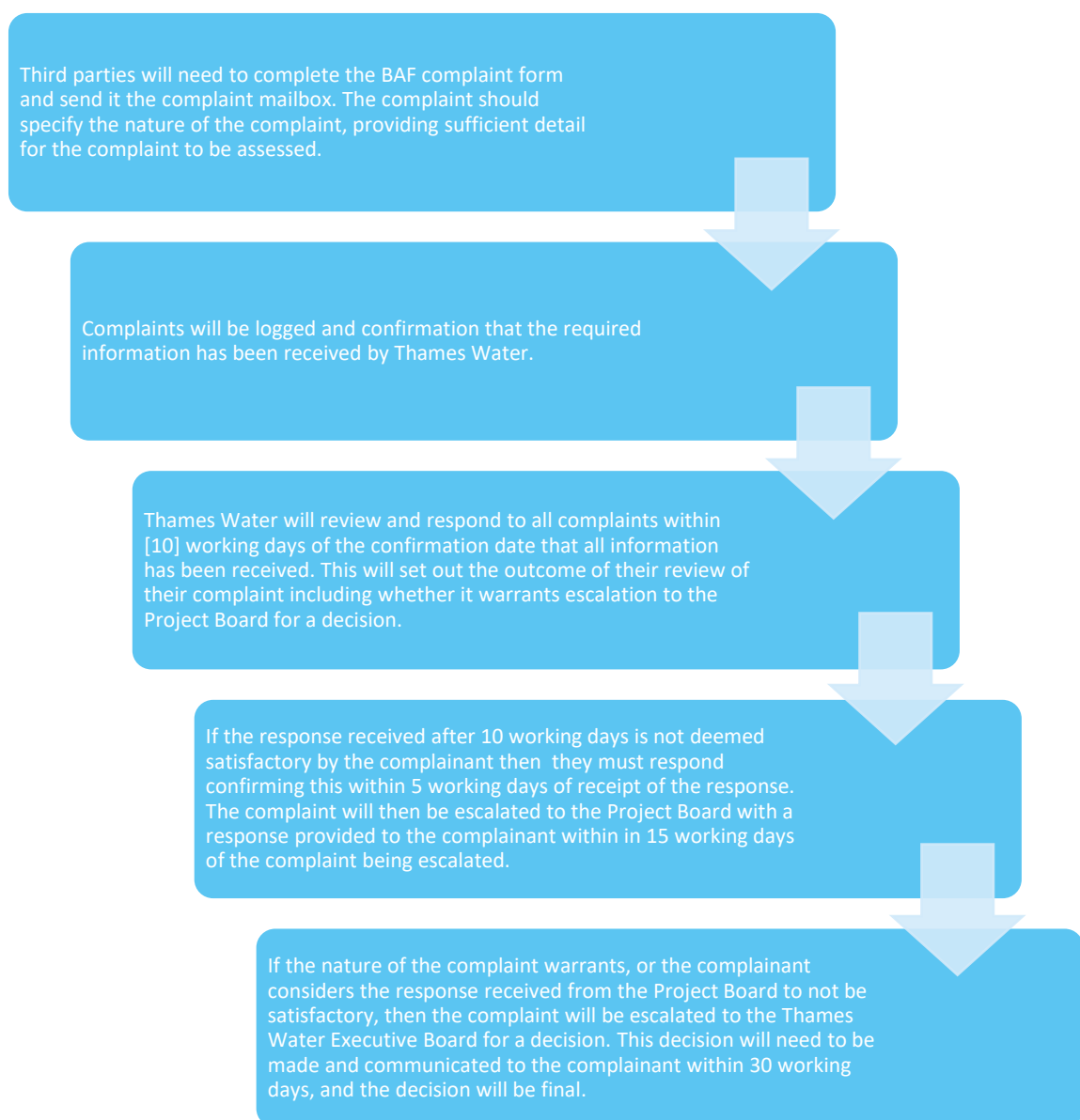
The deadline for receiving bids and indicative timescales for assessing them under a UCR procurement process will be set out in the UCR QSN or Contract Notice.

6 Governance Process

6.1 The complaints & escalation process

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 2 sets out the key steps in the BAF complaints process. Complaints should be submitted to procurement.supportcentre@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 2: BAF complaints process



Source: Thames Water internal analysis

6.2 Thames Water legal liability

Without limiting any right to take action under the UCR, where a procurement falls within the UCR 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.

6.3 Governance and Assurance

Protecting against conflicts of interest and misuse of confidential information

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 Waste Asset Strategy and Planning team). These teams are mature in managing conflicts of interest and confidential information, but we will be proactively mitigating any potential risks.

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 (and then described in more detail thereafter):

- Ensuring the decision-making process is subject to approval by a Project Board (Ofwat best practice recommendation) with the additional assurance of being chaired independently
- Implementing segregated organizational structure that ensures independent decision making and consistent, timely communication equivalently from the need definition and procurement team (Teams 1 and 2) to the market and the in-house solutions team (Team 3)
- Appointing a separate independent third-party expert from outside Thames Water 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. 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 suspect their confidential information has been misused.
- Acting if third parties raise concerns around a conflict of interest or misuse of confidential information then Thames Water will instruct the independent third-party expert to assess those concerns and report to the Project Board.
- 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

The Project Board consists of senior managers from Thames Water's commercial and finance, technical, and delivery teams. The Project Board will potentially be chaired independently and is responsible for providing critical challenge and ensuring fairness, transparency and consistency of decision making.

Audits and assurance

Thames Water will maintain a written record of the processes followed and rationale for decisions made during a bid assessment process under the BAF. This process will be reviewed by the independent third-party expert. Thames Water will make the outputs of this review available to Ofwat upon request.

Protecting confidential and commercially sensitive information

The independent third-party expert 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

Thames Water will conduct an annual review of the BAF. It will seek regular 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**

AMP	Asset Management Period
AR	Annual Return
BAF	Bid Assessment Framework
CN	Contract Notice
DST	Decisions Support Tool
FTS	UK Government 'Find a Tender Service'
MIP	Market Information Platform
OJEU	Official Journal of the European Union
PIN	Periodic Indicative Notice
Q&A	Question and Answer
QSN	Qualifying Systems Notice
RfP	Request for Proposals
SDB	Supply and Demand Balance
SoDA	Thames Water's Statement of Delegated Authority
UCR	Utility Contracts Regulations 2016

- 1) **Bid Assessment Framework** - A framework to support the bidding market for bioresources services. This document sets out Thames Water's Bid Assessment Framework.
- 2) **Bioresources Management Plan** - Thames Water's long-term strategic plan for bioresource development in its area
- 3) **Bioresources services** - services that involve transport, treatment, or disposal of sewage sludge products. Some of these services are covered by UCR and bids for these services will be assessed in accordance with the UCR.
- 4) **Contract Notice** – Thames Water may use this to invite third parties to submit interest and pre-qualify to bid to provide bioresources services.
- 5) **Demand Management** - the implementation of measures, which serve to control influence the consumption or waste of water at any point along the supply chain. These services are covered by UCR and bids for these services will be assessed in accordance with the UCR.
- 6) **Equal Treatment** – A principle that requires that 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.
- 7) **Evaluation criteria** – The criteria that all bids for bioresources (including those from third party and Thames Water) will be assessed against. The criteria are set out in the BAF.
- 8) **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 the independent third-party expert.
- 9) **Fast track bid assessment** - Bids for bioresources services that are relatively low in terms of complexity and risk can be submitted by third parties to Thames Water for assessment at any time. In addition, Thames Water will publish a Qualification Systems Notice (QSN) or Contract Notice annually (around 1 April) which will set out its requirements and timeframes to register

interest. The aim of the Fast-Track process is to open opportunities for third parties to offer services at any time and make the bid assessment process agile and expedient as possible for bidders.

- 10) **Independent third-party expert** – An independent third-party expert appointed to review and assess Thames Water’s bid assessment process to ensure that bids have been assessed objectively and bidders’ information has not been misused. If third parties raise concerns around a conflict of interest or misuse of confidential information, then Thames Water will instruct the independent third-party expert to assess those concerns and report to the Project Board.
- 11) **Periodic Indicative Notice (PIN)** - The PIN is published at least every five years for information in relation to planned bioresources procurement. Although it is not a call for competition, it also invites third parties to submit proposals that are different or better value than the services we currently provide internally. It also provides contact details for third parties to discuss ideas.
- 12) **Pre-qualification criteria** – The criteria that are used to pre-qualify interested third parties to bid for bioresources. Indicative pre-qualification criteria are set out in the BAF, but the criteria will be set proportionate to the specification and included in a QSN or Contract Notice.
- 13) **Project Board** - The Project Board consists of senior managers from Thames Water’s Commercial and Finance, Bioresources technical, and Delivery teams as well as the Director of the Strategic Planning and Investment team who will chair the Board. It will also include a potential independent representative from outside of Thames Water (but separate to the independent third-party expert). The Project Board will be responsible for approving recommendations made by the evaluation team.
- 14) **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.
- 15) **Qualification Systems Notice (QSN)** – QSNs will be published in the UK Government 'Find a Tender Service' to advertise for proposals to meet our bioresources needs. QSNs will indicate the pre-qualification requirements that bidders will have to meet to be considered for contracts for bioresources.
- 16) **Rejection register** – A register found on the Thames Water web-portal that lists all the non-confidential types of solutions that Thames Water has assessed 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.
- 17) **Standard track bid assessment** – The process for assessing bioresource bids within the normal Asset Management Period process.
- 18) **Thames Water web-portal** – A portal where Thames Water publish key information to assist third parties in identifying opportunities and preparing and submitting bids.
- 19) **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.

- 20) **Utilities Contract Regulations 2016 (UCR)** - set rules about the procurement of goods and services by water companies. Bids for services that are covered by UCR will be assessed through the well-established UCR procurement process as required by law and these regulatory requirements will supersede the BAF if and where there are inconsistencies.

Evaluation questions and criteria

PQQ1

Question #	Question	Weighting	Answer (0-1 Mark)	Answer (2-4 Mark)	Answer (5-7 Mark)	Answer (8-10 Mark)
1.	<p>Please provide your company details below:</p> <p>Company name: Address: Telephone number: E-mail: Website: Company registration number:</p> <p>Contact name: Address (if different from above): Position held: Telephone number: E-mail:</p>	Pass/Fail. Pass if complete information provided.	N/A	N/A	N/A	N/A
2.	<p>Please identify the type of option you propose.</p> <ul style="list-style-type: none"> - Transport - Treatment - Disposal - Other (please specify) 	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	N/A	N/A	N/A

			screening criteria.			
3.	Please summarise your proposed solution, including estimated costs.	25%	Question left unanswered or barely completed.	Limited explanation of the solution and limited estimated benefits provided. Poor detail which demonstrates lack of experience solution.	Good overview of the solution and providing some quantified detail about the estimated benefits provided by the solution. Doesn't meet criteria for 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 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 solution.	Good overview of the demand management solution costs and providing some quantified detail. Doesn't meet criteria for 10 marks.	Excellent detailed quantification of the 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	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 solution, limited quantification of the solution provided and limited examples of delivery experience. Poor detail which demonstrates lack of experience in a robust	Good explanation of the solution, some quantification of the solution provided and good examples of delivery experience. Doesn't meet criteria for 10 marks.	Excellent detailed explanation of the solution, including detailed quantification of the solution and excellent examples of delivery experience. The response instils confidence that the supplier has excellent knowledge and

				implementation of the solution.		experience in delivering the 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 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 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 to deliver the solution.	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 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 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 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 solution.	Good detail provided which demonstrates good consideration and knowledge of the delivery area and impacts on the deliverability of the solution.	Excellent detail provided which demonstrates comprehensive consideration and knowledge of the delivery area and impacts on the deliverability of the solution.
6.	Please provide the expected installation and maintenance cost and benefit of solution delivered –Please detail how these costs may vary in response to the features of the	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	Good detail provided to quantify the installation and maintenance cost and benefit. Good detail that clearly summarises the information at the per unit of	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

	intended area for delivery (demography, building type, location).			vary in response to features of the intended delivery area.	solution level. Good consideration has been given to how these costs vary in response to features of the intended delivery area.	given to how these costs vary in response to features of the intended delivery area. References to specific factors have been included.
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Third parties must score at least 50% of the total marks attainable across the PQQ2 survey to pass through this pre-qualification stage.

PQQ2: For feasibility and fine screening assessment

Evaluation approach

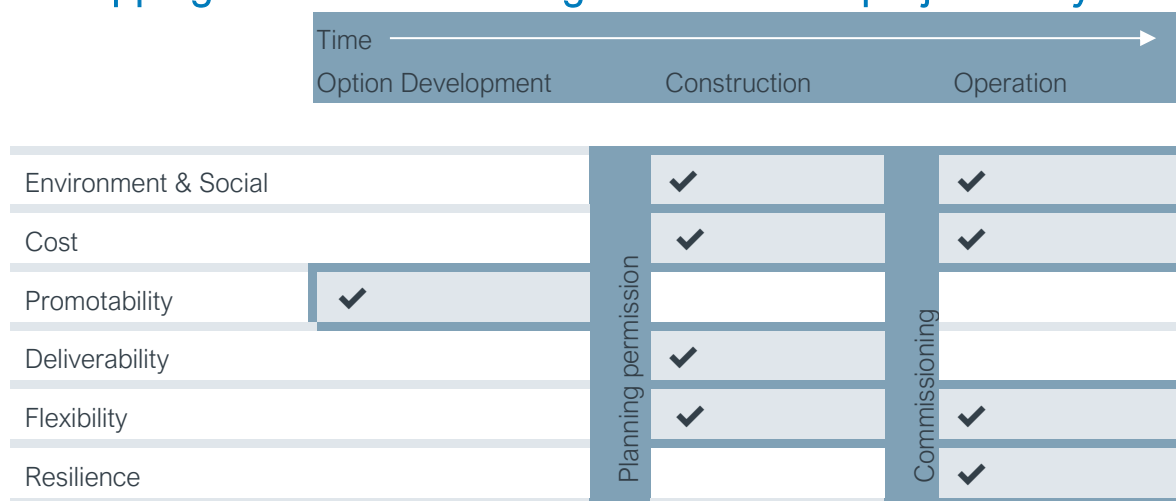
For third party options that have pre-qualified through the preliminary screening, a second request for pre-qualification will be issued to collect the additional information needed for the options to be evaluated alongside any in-house options we might consider in the option feasibility and fine screening reports.

New third party options that pass the first prequalification step will be incorporated into these feasibility reports 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.

Fine screening assessment criteria

The fine screening process compares feasible options within each treatment works. It combines quantitative analysis of costs with qualitative analysis of other relevant dimensions. Following our sister Water Resources BAF methodology, used as our methodological benchmark for consistency, a set of six dimensions and 23 sub-dimensions were developed for fine screening—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 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 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.

Fine screening decisions are made by evaluating 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 favorable 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 a 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 our sister water resource BAF process on the feasibility and fine screening criteria will be reflected in our bioresources BAF, 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 area	Question	Evaluation Criteria
1.	Capacity, reliability, and availability	<p>Reconfirm the information provided in PQQ1 relating to capacity availability.</p> <p>Please provide evidence of capacity reliability and availability of your proposal.</p> <p>This could be in the form of specification technical papers, reliability reports, examples of other installations in the UK or abroad</p> <p>Identify and describe any circumstances when the asset might not be available, including any information on how frequently this might occur. For example, servicing and maintenance or some form of adverse weather condition</p> <p>Potential regulatory or legal barriers that would prevent Thames Water using this option.</p>	<p>Feasibility Stage 1 and 2 – Capacity and Availability</p> <p>Fine Screening Report – AISC and data confidence sub-dimensions</p>
2.	Synergies, lead time, phasing, and adaptability	<p>Are there any perceived synergies with other technologies or objectives such as zero carbon.</p> <p>Provide the earliest anticipated start year and lead time for delivering and commissioning the solution.</p> <p>For large scale options, describe opportunities for phased implementation that may allow deployable output increases to match the profile of resource deficits more closely.</p> <p>Describe whether there are ways in which the solution might be adapted in future to meet unexpected future requirements e.g., in terms of regulatory change</p>	<p>Fine Screening Report – Synergies, lead time, phasing, and adaptability sub-dimensions</p>
3.	Customer, local and wider acceptability	<p>Provide evidence you have, if any, on customer views in support of, or in opposition to, the option.</p> <p>Provide evidence you have, if any, on local stakeholder views in support of, or in opposition to, the option.</p> <p>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).</p>	<p>Fine Screening Report – customer acceptability, local acceptability, and wider stakeholder acceptability sub-dimensions</p>
4.	Treatment proposals	<p>Provide high level details of treatment process design for any treatment facilities associated with the scheme:</p>	<p>Feasibility Stage 2 and 3 – Process complexity, connectivity to waste system</p>

		<ul style="list-style-type: none"> - design parameters - process selection - facilities for waste disposal - likely power requirements 	
5.	Breakdown of the likely costs of the scheme (£m)	<p>If a collaborative, co-funded (open book), approach is adopted then initial cost information for the proposed project over 80 years will be needed.</p> <ol style="list-style-type: none"> 1) Capital costs including optimism bias (construction and replacement) 2) Operating costs (Fixed and variable) 3) Third party return required <p>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.</p>	<p>Feasibility stage 3 – Normalised cost: Does the option avoid excessive cost, using available outline cost information?</p> <p>Comparison of unit costs with existing schemes of same type</p> <ul style="list-style-type: none"> - Est. land cost - Normalised cost <p>Fine Screening Report - Cost Dimension: AISC</p>
6.	Carbon	Carbon accounting including both embodied and operational carbon using required approach (required approach that will be specified at time of the bidding process). Please provide details of estimated power consumption for whole scheme in operation,	<p>Feasibility stage 3 - Cost: Does the option avoid excessive cost, using available outline cost information?</p> <p>Fine Screening Report - Cost Dimension: AISC</p>
7.	Any potential adverse effects on water quality	Provide any details of adverse effects on receiving waterbody environment from the activity or process if applicable to the scheme.	Feasibility Stage 2 – Feasibility
8.	Engagement with regulators	<p>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 or other regulators worldwide.</p> <p>Provide details of any issues that have been identified and details of any further investigations required to remove or mitigate issues identified.</p>	Fine Screening Report – Regulatory acceptability sub-dimension
9.	Operating strategy and experience	<p>Provide a description of likely operating arrangements.</p> <p>Provide details of your experience delivering and operating solutions of a similar nature.</p> <p>Set out operating modes and times required for ramp-up and ramp-down, and the basis for these assumptions.</p> <p>Describe dependencies on other parties, processes or assets and known risks associated with these dependencies.</p>	<p>Feasibility Stage 2 – Operational Complexity.</p> <p>Fine Screening Report - Ramp-up, operability and dependencies sub-dimensions</p>

10.	Transport and supply arrangements	<p>Detail any requirements from Thames Water (including activities and infrastructure both temporary and permanent) required to enable bioresource supply.</p> <ul style="list-style-type: none"> - Frequency of delivery and duration of materials 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 comply with regulations 	Identify infrastructure required to be developed and operated by Thames Water to deliver option.
15.	Constructability	<p>Identify potential constructability issues that will need to be addressed including uncertainties surrounding technologies, processes, land availability, environmental constraints, or contamination risks.</p> <p>Comment on whether implementation of the project will negatively affect existing Thames Water operations during its delivery</p>	<p>Feasibility Stage 2 and 3 – Construction complexity</p> <p>Fine Screening Report – constructability and data confidence sub-dimensions</p>
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	<p>Please set out any known environmental or social benefits or adverse effects of your offer. This is both for the project and its wider impact</p> <p>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.</p> <p>If your solution offers or could offer wider benefits through its activity, please detail these.</p> <p>If you understand 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.</p>	<p>Feasibility Stage 2 and 3 – multiple environmental and planning criteria</p> <p>Fine Screening Report – HRA sub-dimension</p>

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
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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 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 another 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.

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 options. The CDRs will set out:
 - a. the conceptual engineering design including process design, process flow diagrams, power supply and quality monitoring requirements
 - b. operating assumptions including energy use, chemical usage
 - c. environmental constraints and mitigations included in the design
 - d. 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. Confirmation of acceptance of/adherence to Thames Water’s Health and Safety Policy, Sustainable Procurement Policy and Honest and Ethical Behavior Policy.
4. 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. A profile of capital costs for the life of the asset (construction and replacement)
 - ii. A profile of operating costs for the life of the asset (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 unit) 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)
5. Carbon accounting including both embodied and operational carbon using required approach (required approach TBC)
6. Information on environmental and social impacts (both positive and negative) as well as on wider benefits.

