

**Appendix 11b:
Bid Assessment framework
submission**

Yorkshire Water Bid Assessment Framework

Draft September 2018

It's part of our Blueprint



KeldaGroup



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1. Introduction

Yorkshire Water and our regulators are keen to develop a bidding market for water resources, demand management and leakage services. This document is one of a series of enabling documents to establish a transparent, equitable and proportionate framework that will help stimulate the development of third-party involvement in these resources or services.

This Bid Assessment Framework sets out the policies and principles we will use for assessing third party bids to provide water resources, demand management and leakage services. It has been compiled in accordance with the Ofwat methodology *Delivering Water 2020: Our final methodology for the 2019 price review Appendix 8: Company bid assessment frameworks – the principles*¹.

Yorkshire Water's proposed Business Plan for 2020 to 2025 will be published on 3rd September (*link to be included after publication*) and interested bidders may wish to understand our overall focus on the development of demand-side solutions rather than supply-side, including our proposals to reduce leakage and per-capita consumption.

To understand the potential needs which the bids could address in further detail, potential bidders should also consult both the water resource management plan, and the market information data set published annually:

- The Yorkshire Water Water Resources Management Plan 2019 (WRMP19) available at <https://www.yorkshirewater.com/resources>
- Yorkshire Water Water Resources Market information available at <https://www.yorkshirewater.com/resources>.

In addition to details of this Bid Assessment Framework, bidders may also wish to consult our Trading and Procurement Code, which confirms details of the guiding principles that we apply for potential water resource trades:

- The Yorkshire Water Trading and Procurement Code – consultation draft available here, <https://www.ofwat.gov.uk/wp-content/uploads/2018/08/Yorkshire-Water-Trading-and-Procurement-Code.pdf>. Consultation closed on 3rd September 2018 and link will be updated for final Bid Assessment Framework, when YW's final Trading and Procurement Code is published.

By providing the above information we aim to encourage third parties to present us with potential solutions to both short and long-term water resource issues; these solutions may be either in relation to new supplies, or to new demand management activities including leakage. The process we will use for assessing the bids is described in this Bid Assessment Framework to ensure transparency and provide confidence that we will take a consistent and fair approach in assessing third party bids relative to our own in-house supply and demand options.

We recognise that there may be many different types of potential bids, covering a wide range of different durations and complexities. We have set out our thoughts about the information that will be required, but we very much encourage bidders to tell us if they feel that we are missing information which shows the unique benefits that they can provide.

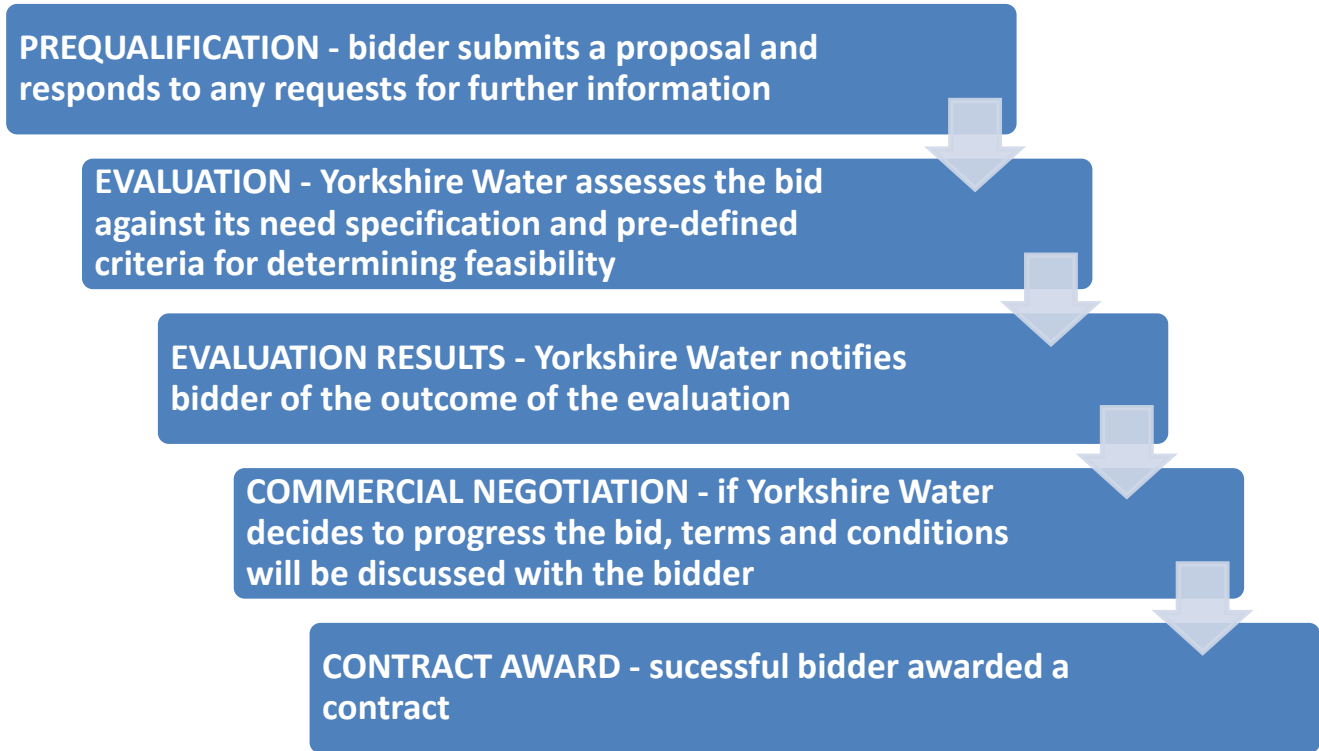
Both our Bid Assessment Framework, Trading and Procurement Code and needs specification will be regularly reviewed to ensure they meet the needs of the business and we adhere to any new guidelines or new legislation that affects our policies. As we receive bids and apply the criteria, we will take into account any third party feedback

¹ <https://www.ofwat.gov.uk/wp-content/uploads/2017/07/Appendix-9-Company-bid-assessment-frameworks-the-principles.pdf>

and learning from the experience, to ensure our processes are continually developed and make it as easy as possible for bids to be submitted.

The process we will follow to assess third party bids is summarised in Figure 1. Further explanation on the process is provided in the following sections. If you have any questions before you decide whether or not you submit a bid please contact us watermarkets@yorkshirewater.co.uk

Figure 1. Summary of bid assessment process for third party bids to meet Yorkshire Water’s water resource need specification



2. Prequalification

The prequalification criteria for third party bids will be dependent on the type of option proposed and the nature of the potential agreement between Yorkshire Water and the third party. Water resource options are divided into supply side options and demand side options.

- A ‘**supply side**’ option is a bid that will increase the water we have available to supply to customers.
- A ‘**demand side**’ option is a scheme that would reduce the volume of water we are required to put into supply.

The first step in our third party bid assessment process is to determine if;

1. The option is a feasible option, i.e. is it technically deliverable and meets our needs as specified in Section 3;
and
2. The option is an alternative to our current available options to meet future water resource issues or is a better value option than our current systems and services.

To carry out this assessment we are asking bidders to complete a *Third Party Bid Proposal* Submission form. We have separate proposal submission forms for supply side options and demand side options, as we require different information to assess the two types of options. [See Appendix 1 for Third Party Bid Proposal Submission forms.](#)

We will use the information provided by third parties in the submission forms to assess the feasibility of the bid using the same pre-defined criteria we use to assess our own in-house options for determining feasibility for meeting water resource needs.

As part of the prequalification period we may need to contact potential bidders with an additional Request for Information (RFI) which will be further technical information on your bid and / or commercial information on your company. The extent of the further information required will be dependent on individual proposals and proportionate to the type of agreement required between Yorkshire Water and the third party. The agreement could be a “one off transaction”, most usually a supply side bid, for example the rights to use a source (licence trading). Alternatively, bids could be for proposals for Yorkshire Water to enter into a contract with the third party to either deliver a service (probably most applicable to demand management activities) or to provide a water supply for an agreed period of time under agreed contract conditions.

To ensure that we take a proportionate approach, we have defined third party bids as ‘simple’ or ‘complex’ bids;

- A **‘simple’ bid** is defined as a one-off transaction. An example of this would be a third-party licence holder selling the rights of an existing abstraction licence to Yorkshire Water, with Environment Agency approval, and no further interaction would be required between the two parties once the agreement was made. This might also cover a time-limited arrangement e.g. the rights under an abstraction licence for a specific period.
- A **‘complex’ bid** is defined as a contract agreement. This would be a commercial agreement between Yorkshire Water and the third party that would last for a defined period of time.

We would require less further information for a simple bid than a complex bid, as the criteria would be proportionate to the transaction agreement. Appendix 2 provides examples of the type of commercial information we are likely to request. The exact information we request at this stage will be proportionate to the detail provided in the [Third Party Bid Proposal submission form](#).

In completing a Third Party Bid Proposal submission form and responding to requests for further information, we ask bidders to provide as much information as is available to them. We understand that bidders will not necessarily have all the information requested and we will base our evaluation on the information that is available. If there is insufficient detail to assess the feasibility of the bid we will, wherever practical, work with the bidder to collect further information.

3. Need specification

Yorkshire Water has a statutory obligation to prepare a Water Resource Management Plan (WRMP) every five years to cover a planning period of at least 25 years. These plans forecast supply and demand for water in our region and assess the security and resilience of our supplies over the planning period. The Yorkshire supply region is divided into two water resource zones for planning purposes. The majority of our region is within our Grid Surface Water Zone (SWZ), with 1% of customers in our East SWZ, which covers Whitby and the surrounding area.

If there is a risk to the supply-demand balance (a deficit) or to the resilience of our supplies in either zone, we will invest in interventions to remove the risks. This could be demand side schemes, supply side schemes or a combination of both. We have a number of options available to us if we identify a risk to future water supplies. These options have been scoped to understand implementation requirements, such as assets, infrastructure or service to customers. We have calculated capital and operating costs for each of the schemes and assessed the potential environmental impacts. We select schemes to meet a deficit through appraising the costs, benefits and sustainability of all feasible options (both supply and demand) to identify the best value solution. The costs and

benefits considered include monetary costs, environmental impacts, social impacts, customer preferences and regulatory requirements.

Our current 25 year plan, WRMP19, shows the East SWZ has sufficient water resources to remain in surplus throughout the planning period. Therefore, we are not implementing any schemes to close a deficit in this zone. However, we would still consider bids that have the potential to improve resilience in the zone.

WRMP19 has identified that a deficit could occur in our Grid SWZ during dry years. Without intervention, our forecasts show there is a risk the Grid SWZ will be in deficit in 2035/36 by 6.49MI/d, increasing year on year to 33.97MI/d by 2044/45. The deficit is primarily due to the effects of climate change on supply. However, known sustainability reductions, together with population growth, exacerbate the risks.

To meet the Grid SWZ deficit and provide additional surplus in our region our WRMP19 presents a preferred solution that will reduce demand through additional leakage detection and repair activity. We plan to reduce our current leakage target by 40% by 2025, with further leakage reduction over the remaining 20 years of the planning period. We will also invest in two groundwater resources to improve resilience in our Grid SWZ.

Figure 2. Yorkshire Water supply zones



Our WRMP is revised every five years, which ensures both the risks and the solution are regularly reviewed and our plans can be adapted if more appropriate solutions are identified. The next review of the WRMP will be for publication in 2024 and, as with previous plans, a consultation will be carried out before it is finalised. Although our WRMP19 solution shows we will be in surplus once our current preferred solution is implemented, the risks to supply and demand will be reviewed in the next plan and we may require further investment. If, in future plans, updated information suggests there is a need to invest in additional interventions to maintain the supply-demand balance or to improve resilience, we will carry out an options appraisal to select the best value solution. As part of this appraisal we are inviting third parties to submit bids for schemes that are not currently available to us in our WRMP, so that we can consider these in our next WRMP.

In addition to the WRMP related trades, we are also very much interested to encourage more immediate, potentially shorter-duration bids. These could cover either supply or demand side approaches. Our PR19 business plan includes very ambitious targets for reductions in leakage and per-capita-consumption. Third parties are

invited to submit bids for schemes that will help us achieve these targets and we will consider any bids that provide leakage reduction or demand management activities that are new to our region or are more efficient than our current techniques. As noted in the introduction, our provision of open-access performance data such as our leakage performance may be of interest to potential bidders.

In summary we are inviting bids from third parties that will:

1. Increase our current available supply of water or provide alternative water supplies that are more sustainable, resilient or cost beneficial compared to current supplies e.g. water transfers or licence trades. For more information please refer to the Yorkshire Water Trading and Procurement Code.

or

2. Reduce leakage in our region and help meet our leakage target of 175Ml/d by 2025.

or

3. Reduce water use in our region through other demand reduction techniques e.g. household or non-household water efficiency initiatives.

We would consider any bid that has potential to benefit our supply system within the Yorkshire region. Our East SWZ is currently in surplus and our Grid SWZ will be in surplus following completion of our leakage programme. If future risks identify any area of our region where we require additional solutions to meet a deficit we will update this statement of need to notify potential bidders.

All bids we receive will be assessed using the same criteria that we use for assessing feasibility of water resource and demand reduction options in our WRMP. The process is designed to ensure the criteria for awarding bids is transparent, that all third parties receive equal, non-discriminatory treatment and that the measures we use are proportionate to the objectives we aim to achieve.

The information third parties provide in the Third Party Bid Proposal Submission forms will be used to assess if third party bids are feasible options and should be taken forward to appraise against all other feasible options. We will use the information provided to assess the feasibility of a bid and notify the bidder of our decision.

Any bids submitted should be alternatives to the Yorkshire Water draft WRMP19 available options. A list of the options we considered for our most recent WRMP are provided in in Appendix A.1 of the draft WRMP19. Leakage techniques that we are already developing to meet our 2025 leakage target are provided in Appendix 3; any bids for leakage reduction should present new techniques not listed in Appendix 3.

4. Time limits and bid clarification

We are committed to assessing any bid submitted to us to determine their potential to meet our Needs Specification. We will evaluate bids against the same criteria we use to assess our own in-house options, which is explained in Section 5 below.

After receiving a bidder's Third Party Proposal submission we will, where appropriate, utilise the standard negotiated process with the Utilities Procurement Regulations 2016 and deal with questions and ambiguity with bidders during a clarification stage, which will be at the same time as we provide bidders with a Request for Information (RFI) - see Section 2.

Water company business plans are delivered in five year cycles and each five year period is known as an Asset Management Period (AMP). Investment for each business plan is determined by a 'Price Review' (PR) and

WRMPs provide the investment requirements for securing water supplies which are incorporated into each price review. The investment for the period 2020 to 2025 is referred to as PR19 and the Yorkshire Water PR19 Business Plan will be submitted to Ofwat in 2018. WRMPs are submitted to Defra every five years and our current plan, WRMP 2019, was submitted in draft to Defra in December 2017.

The selection of feasible options that form the solution to a supply-demand deficit, is part of the WRMP process. This limits the timeframe in which we can select options for implementation to meet risks identified in the WRMP. The solution to WRMP19 has already been determined and the plan submitted to Defra. Proposed timescales for the next iteration of the plan, WRMP24 are outlined below. These will be updated when Environment Agency WRMP24 water resource planning guidelines are published.

Indicative WRMP24 timescales

- Review supply demand balance and determine a solution to any risks identified – January 2020 to November 2022
- Submit draft WRMP24 to Defra (SoS) – 1 December 2022
- Public consultation period– March 2023 to June 2023
- Revise draft WRMP and publish statement of response – September 2023
- Publish final WRMP – when receive notification from Defra to publish

Although we have provided detailed information on the expected timescales for WRMP24, we do want to emphasise that we are taking an open approach to bids, where we do not time limit the period for receiving bids to the period when we review options as part of the WRMP process. This will;

1. Ensure bidders are not deterred from submitting a bid due to restrictive timescales;
2. Allow us to consider feasibility of bids **“in-period”** which would be outside of the WRMP and Business Planning processes. In doing this we will determine if any third party bids present options that could be more effective than current services or provide a less environmentally impacting supply.

Any bids that we receive and determine as feasible options for WRM24 will be assessed in the options appraisal process. However, in order to complete our WRMP and meet regulatory submission dates we may not be able to include any bids submitted too late to be included in WRMP24. This would not prevent us considering for future WRMPs. We will confirm the timescales for WRMP24 once Environment Agency guidelines are available and clarify a date for inclusion in WRMP24.

As part of the evaluation process we will assess if a third party bid presents an alternative service or resource that would be beneficial to us in the current AMP. If there are clear benefits that mean a scheme should be implemented within the current AMP the scheme will be taken forward to the next procurement stage outside of the WRMP process. As part of the evaluation we will assess the benefits of individual bids to be both a “WRMP option” and an “in period” option”.

- **WRMP options** are schemes that present a potential solution to issues identified through the WRMP process, which is delivered in accordance with statutory requirements and Environment Agency guidelines every five years.
- **In period options** are schemes with potential to be more cost effective than our current systems and services and there is a clear benefit to entering into an agreement with a third party in the current AMP.

Yorkshire Water has an open bidding process for third parties to submit bids. This means the bidding process is not time limited to when we are reviewing the WRMP. However, depending on where we are in the WRMP process the inclusion of an option in a WRMP options appraisal maybe delayed until the next WRMP, unless there is a clear benefit to Yorkshire Water entering into an “in-period” agreement.

Call for competition

If Yorkshire Water believes the proposal is not unique to the bidding organisation, and we are intending to implement the scheme, we may need to issue a formal call for competition to the open market. The call for competition would allow the wider market to be included in an open competitive tender process for a solution of the type suggested by the bidding organisation, which would highlight whether there are alternative providers. This step may be required in order to ensure compliance with The Utilities Contract Regulations 2016 (UCR 2016) by ensuring avoidance of artificially narrowing competition. If this formal market test results in no alternative suppliers, then Yorkshire Water will progress with the original bidder.

5. Evaluation

We will use the information provided by bidders on completion of the Third Party Proposal submission forms to determine the feasibility of the option proposed. We will use the same criteria to assess third party bids as we do for our own in-house options – options that Yorkshire Water has identified and costed for the WRMP options appraisal process.

In accordance with industry best practice and Environment Agency guidelines, the first step of our WRMP options appraisal process is to collate an unconstrained list of options then determine which are feasible for including as potential options to close a supply-demand deficit. We will use the criteria we apply to unconstrained options to determine if third party bids are feasible and meet the Needs Specification. We will also assess if a feasible option proposed by a bidder could provide a better value solution than our current systems and services, including the leakage reduction activity we plan to implement to meet our WRMP19 solution.

On receipt of a bid, following completion of a Third Party Proposal submission form and any further clarification of the proposal including requests for information, we will review the proposal against the same criteria that we use to identify the feasibility of options in our WRMP. These criteria are provided in Appendix 4.

All schemes, including Yorkshire Water in-house options and third party bids, that have passed the assessment criteria and been classed as feasible will be taken forward for consideration in our next WRMP. We will ensure all necessary costing (including monetised carbon, social and environmental costs) and environmental assessment of the third party option is carried out so that it can be included in the options appraisal.

Cost information will be used in the WRMP optimisation model to determine whole life costs. Yorkshire Water will also carry out a qualitative environmental assessment. This is in accordance with section 6.7 of the Environment Agency Final Water Resources Planning Guideline 2016 (or any guidelines that supersedes this in the future). The feasible options will then be added to our WRMP optimisation model to determine the least cost solution using the Economics of supply and demand approach.

The WRMP optimisation model inputs will include the following data for each individual option;

- Potential yield benefit as a supply increase or a demand reduction
- Yield ramp up – percentage yield available each year until achieve 100 per cent
- Climate change impact – reduced yield benefit assigned in future years if climate change has the potential to reduce the yield of an option
- First feasible year of operation – allow for investigations and construction
- Build and replacement capital costs divided into civil, instrumentation and automation (ICA), land and mechanical and electrical (M&E)
- Environmental, social and carbon capital (build) costs
- Fixed and variable operating costs and benefits, including environmental, social and carbon
- Build profile – percentage of capital cost invested each year before and after the first year of utilisation
- Prerequisite option – link to another option that must be selected before the option can be in use
- Mutual exclusions – option selection is dependent on the selection of another option(s) e.g. we may have more than one option available to utilise an individual river or groundwater resource.

The WRMP optimisation model will use the above cost / benefit information for individual options to identify the lowest cost solution to the deficit. Costs and benefits will be discounted over a minimum 80 year period to find the least cost solution that ensures supply can meet demand for each year of the planning period. The model will base discount rates and net present value calculations on the values specified in the latest Environment Agency guidelines.

Each of the feasible options will also be assessed for environmental impacts in line with the latest Environment Agency guidelines. This will include carrying out a Strategic Environmental Assessment (SEA). Regulatory requirements and customer preferences will also contribute to the final selection of which options to include in the WRMP solution.

For further information on the Yorkshire Water WRMP options appraisal process please see Section 9 of the draft WRMP19.

6. Governance

All of our procurement exercises are overseen by a separate procurement function which gives assurance of independence and compliance with the regulations. The same approach will be taken for third party bids that are submitted to us in accordance with this Bid Assessment Framework. Evaluation of bids will be performed separately from the technical experts and departments that would be serviced by any successful bids.

The bidding process will be overseen by a “procurement team” that is separate to Yorkshire Water’s Water Resource Planning team and any Yorkshire Water employees who have been involved in developing our current in-house solutions or any pre-tender processes connected to these solutions.

Where applicable, i.e. procurement projects in excess of values specified in the European Contracts Directive, will be regulated by the Utilities Contracts Regulations 2016 (UCR16). For under threshold spend procurements, Yorkshire Water will comply with the principles of transparency, equal treatment/non-discrimination and proportionality.

Governance of third party bid assessment will be in compliance with our existing robust Procurement Rules, which include various approval levels up to and including our Board. Our internal Governance and Compliance team

assist with ensuring assurance against these rules. In addition, we regularly use internal and independent external audit processes to provide additional assurance.

All third party bids and documents related to the assessment of the bids will be stored so that an audit of compliance can be made available to Ofwat or any internal or other external compliance / audit reviewers.

Third parties who wish to raise a compliant or appeal in relation to the processes used in assessing their bid or awarding a contract can contact us via a procurement (SAP Ariba) portal.

Where a tender process has resulted from a call for competition, we will follow the procedure available within the UCR16 and will allow suppliers to challenge an award decision using contract details available on the Contract Award Notice or Standstill Letter.

Our procurement process is fully electronic (through SAP Ariba) and as such auditable at each stage. Approvals are all recorded as is adherence to rules. Additional approval of adherence to this bid assessment framework and OFWAT's principles will be given by our Head of Procurement and Contract Management.

7. Contract Award

Terms and conditions will be agreed prior to contract award and will be in line with Yorkshire Water's standard contract where appropriate. Once agreed, a public announcement of the outcome will be issued in a Contract Award Notice in the Official Journal of the European Union (OJEU) no later than 30 calendar days after the contract or framework award date.

8. Communication of decision

Once a bid has been evaluated, we will communicate the evaluation result to the bidder in a timely manner. This will include communication of the bid evaluation process and a clear statement, with supporting evidence, on why a bid has been classed as either feasible or infeasible. We will explain the next steps in the process, which will depend on whether the bid is to be taken forward to the optimisation stage of our WRMP or if it is to be implemented as an 'in-period' option. If applicable, we will also notify the bidder if the option would require a call for competition before a final decision is made.

If the outcome of the bid was to carry out an open competitive tender we will provide formal award and rejection letters detailing the relative advantages of the winning bidder. On receipt of the tender outcome communication a 10 day standstill period will begin. This period allows for a short pause between the contract award decision and the contract award conclusion for review.

Depending on the nature of the bid, we may not be able to make a final decision immediately. For example, if we consider that a particular proposal is feasible, but would be appropriate for us to investigate in the medium to long term, rather than implement immediately or as part of WRMP24, we may ask the bidder if we can hold their details on file until the next WRMP update. In that instance, a final decision may not be communicated to the bidder until the next WRMP process has been completed, with evaluation of the bid being a part of that process.

If the bid provides a feasible option for our next WRMP the decision to progress with the scheme will be dependent on the options appraisal. We will ensure bidders are notified of the outcome of the process, including which options are included in the WRMP solution and whether or not their bid is part of the solution at the time of submitting our draft WRMP24 to Defra. This will be in line with WRMP planning cycles and timescales provided by Environment Agency guidelines as outlined in Section 4. We will update Section 4 to provide a closing date for third party bids to be included in WRMP24 once the Environment Agency water resource planning guidelines for the 2024 planning cycle have been published.

The WRMP is a long-term plan that sets out potential investment over a minimum 25-year planning period. Where third party options are selected as part of the solution, we will notify bidders of the implementation time for their scheme. This could be at any time over the planning period dependent on the year in which the scheme is required

to help meet an emerging deficit. As part of the planning process we may select alternative solutions to a planning problem. This allows the plan to remain adaptable as further information on the supply and demand risks becomes available, or if more in depth investigations are required to determine the environmental impacts and mitigation requirements of a particular scheme. Final decisions on a third-party option may not be made until later planning cycles. This could include no longer requiring an option if the supply / demand balance changes in future plans, or if other options are identified that would be preferred to the third-party option. We will ensure third parties with options selected as part of the solution are notified of the implications this could have on the certainty of any future agreements.

We have a duty to ensure we fully comply with the requirements of *The Water Supply (Water Quality) Regulations 2016 Regulation 15* (provided in Appendix 5), when considering introducing any new sources to be used ultimately for drinking water. Specifically, we must meet the arrangements stated in Drinking Water Inspectorate (DWI) Information Letter 06/2012, around providing adequate information to the DWI; appropriate sampling and monitoring; reporting requirements; following our Drinking Water Safety Planning risk assessment methodology; and submission of Regulation 28 documentation as necessary.

To meet these regulatory obligations for a new source of water and allow us to provide the appropriate information to DWI we will require sufficient data on the water quality of any potential new sources of supply before we approach the DWI with an application for using the source. In the absence of sufficient historic and recent water quality data for the DWI to fully assess any application based on a third party option it will require a minimum of six to 12 months to collect the data, the latter if there is likely to be appreciable seasonality in the source. This is in order to allow us to confirm that we can use a source and continue to provide safe drinking water to our customers, we would need to undertake a catchment survey with sufficient rigour to establish any hazards to drinking water quality which may be present, their compatibility with our treatment facility(ies), and their likely impact on treated water quality. This will allow us to establish the residual risks associated with use of the source, a key part of the Drinking Water Safety Planning approach. Again, this risk assessment (Regulation 27) is required to be sent to DWI as part of the approvals process.

Ultimately, the company has to satisfy itself that it can comply with the Water Act requirement to supply wholesome water; we retain all the risk against this and the detail of DWI Regulation, and ultimately the requirements of the Water Act

9. Appendices

Appendix 1 – Third Party Bid Proposal submission forms

If you would like to submit a bid to Yorkshire Water for please complete the relevant form and provide all available information to the best of your knowledge.

The questions in the forms define the kind of information that we will require from bidders wishing to submit third party options to us. We ask bidders to provide as much information as possible, to help us evaluate their bids. However, we also understand that not all bidders will be able to provide all the requested information. Where data is not available, please indicate this in your response. Where there are gaps in data, or insufficient data, we may need to work with you to collect more data before we can fully evaluate your bid.

Appendix 1.1 – Third Party Bid Proposal supply side option submission form

Bid contact details – information relating to bid will be sent to this named contact	
Bid contact name	
Company name	
Name of organisation submitting bid if different to above	
Address	
Telephone number	
Email address	
Bid Proposal Information	
Requested data	Bidder's information
1. What daily volume (mega litres per a day or cubic meters) will the scheme provide on average?	
2. What peak volume (mega litres per a day or cubic meters) will the scheme provide on average? I.e. Is there a daily maximum allowance that is different to the annual average.	
3. What is the source of supply e.g. river, groundwater, reservoir, canal, mine water discharge or final effluent?	
4. Is the potential supply raw, treated or other (e.g. grey water)?	
5a. Is the scheme related to a licenced abstraction? If no, please go to question 6.	
5b. Is the licence for consumptive or non-consumptive use?	
5c. What is the current licence use or when last in use e.g. spray irrigation, water supply, farming or cooling?	

5d.	Are there any constraints on the water resource e.g. hands-off flows, seasonal constraints or tidal?	
6.	Are there any known future risks to the resource e.g. deterioration due to climate change, water quality, licence threats?	
7.	Are there any known environmental risks linked to the water resource? Will it impact on a designated site e.g. SSSIs, SAC, etc.	
8.	Where is the point of abstraction or point of transfer to Yorkshire Water located? Please provide a grid reference if known.	
9.	Is the land easily accessible? Does it require any special permissions?	
10.	Are there any other assets (boreholes, pumps, pipelines etc) that would be included in the scheme/agreement?	
11.	<p>Does the bidder have a suggested proposal for how the resource could support Yorkshire Water's supply system?</p> <p>This can be provided as a separate document with any additional supporting information attached.</p>	<p><i>[Please include nearest Yorkshire Water asset where the scheme could be added to our existing supply system e.g. water treatment works (if known) and any additional assets or infrastructure that would need to be installed.]</i></p>
12.	<p>What is the first year when the water resource could be made available to Yorkshire Water?</p> <p>Please note the actual first year that Yorkshire Water requires the water resource and is able to take the resource, will depend on a number of other factors, including environmental assessments, water quality investigations, construction time and need (e.g. year of deficit).</p>	<p><i>[Please include information on lead in and build time to implement the scheme if known.]</i></p>

<p>13.</p>	<p>Are you able to provide water quality data? Please provide us with as much information that you have in relation to water quality, so that we can review this data and also establish whether we would need to collect additional water quality information in order to help inform our assessment.</p>	<p><i>[Please describe the information that can be made available on request.]</i></p>
<p>14.</p>	<p>Please provide any additional information you would like us to consider in relation to your bid?</p>	

Appendix 1.2 – Third Party Bid Proposal demand side option submission form

<p>Bid contact details – information relating to bid will be sent to this named contact</p>		
<p>Bid contact name</p>		
<p>Company name</p>		
<p>Name of organisation submitting bid if different to above</p>		
<p>Address</p>		
<p>Telephone number</p>		
<p>Email address</p>		
<p>Bid Proposal Information</p>		
<p>Requested data</p>	<p>Bidder's information</p>	
<p>1.</p>	<p>What daily volume (mega litres per a day or cubic meters) will the scheme provide on average?</p>	
<p>2.</p>	<p>What type of demand reduction option are you proposing? E.g. leakage reduction, demand management household customers, demand management non-household water users or other?</p>	
<p>3.</p>	<p>Provide a brief description of the scheme proposed. This can be provided as a separate document with any additional supporting information attached.</p>	

4.	<p>Has the scheme/technology been tested and proven to work? Provide any available evidence.</p> <p>This can be provided as a separate document with any additional supporting information attached.</p>	
5	<p>Are there any known future constraints on the option benefits e.g. will the benefit be affected by climate change or the occurrence of drought?</p>	
6a.	<p>What is the earliest date the scheme can start?</p>	
6b.	<p>What is the lead-in time to achieve the demand reduction benefit?</p>	
7.	<p>Are the savings maintained following implementation or does the service need to be repeated and at what frequency?</p>	
8.	<p>Are there any known water quality risks related to the option e.g. grey water? Please include any available information on mitigating the risks.</p>	
9.	<p>In what area of the Yorkshire region is the scheme deliverable i.e. can the scheme be delivered regionally or is it a proposal for a specific location in our supply region?</p>	
10.	<p>Please provide any additional information you would like us to consider in relation to your bid?</p>	

Appendix 2 – Request for Information

This appendix provides examples of the type of information we may ask bidders to provide in a Request for Information (RFI) after we have received a Third Party Bid Proposal. The RFI could include a request for further technical information to help us determine if the proposal is a feasible option to us.

We may also request information on your company policies and financial sustainability. This further information will help us decide whether or not we are able to consider trading with a particular bidder. To ensure that we take a proportionate approach, the type of information we request will be dependent on whether your bid is simple or complex as defined in Section 2.

We would consider a bid to be simple if it involves a one-off transaction, such as the transfer of an existing abstraction licence from a third party to Yorkshire Water. This could involve Yorkshire Water purchasing the abstraction licence from a small organisation or even an individual, such as a farmer. In that example, we consider that it would be disproportionate to ask the individual to submit extensive information such as details of environmental or quality management systems, information security requirements, etc.

For more complex bids, we may require substantial additional information on the company's financial sustainability and policies. A complex bid could be, for example, one where there is likely to be a longstanding commercial relationship between Yorkshire Water and the third party. We may be required to supply the third party with data that needs to be securely stored, permit the third party to work on Yorkshire Water assets or with Yorkshire Water customers. For complex bids, RFI are consistent with what we would require from suppliers of other goods and services to Yorkshire Water that have not originated from the Bid Assessment Framework.

Example technical request for information related to simple and complex bids

- Copies of licence permits
- Water quality data
- Maps or schematics of the proposal
- Data or reports evidencing a demand reduction
- Cost information – capital and operating.

Example policy information related to complex bids (based on Yorkshire Water's standard procurement approach)

- Financial sustainability
 - Credit rating: We utilise the Experian credit rating checking tool to assess the financial sustainability of suppliers. No minimum credit rating exists, however low credit ratings will lead to further discussions and are likely to alter the way contracts are delivered.
 - Turnover ratio: We are keen to understand the ratio of the turnover associated with the contract with YW against the total turnover of the supplier in question. A turnover ratio greater than x will lead to further discussions and are likely to alter the way contracts are delivered.
- Health and safety (H&S)
 - Management System: It is a mandatory requirement that all suppliers have a H&S Management System in place for managing the health, safety and welfare of their colleagues.
 - Incident management: We wish to understand the processes by which suppliers manage H&S incidents to ensure that we work with mature organisations that have a focus on implementing learning.
 - AFR: We wish to understand the Accident Frequency Rate of suppliers as a means of understanding underlying H&S performance.
 - Health & Wellbeing: We ask suppliers to be clear on how they manage Health & Wellbeing within their organisations.
 - H&S Infringements: We seek to understand from suppliers their record with H&S infringements as a means of understanding underlying H&S performance.

- Environmental
 - Management System: It is a mandatory requirement that all suppliers have an Environmental Management System in place for managing the environmental impact of their operations.
 - Environmental Infringements: We seek to understand from suppliers their record with environmental infringements as a means of understanding underlying environmental performance.
 - Energy and waste management: We wish to understand the Energy and waste management processes of suppliers to ensure that we work with mature organisations.
- Human Rights
 - Equality Act compliance: It is a mandatory requirement that all suppliers are compliant with the Equality Act.
 - Related Legislative compliance: It is a mandatory requirement that all suppliers are compliant with all related legislative the Equality Act.
 - Living wage compliance
 - Modern Slavery compliance
- Quality Management: Quality Management System
- Information Security:
 - Policy
 - Data Protection Policy
 - GDPR Compliance
- Contract Management
 - Response to feedback
 - Insurances (Public, Product and Professional Liability).

Appendix 3 - Yorkshire Water's leakage new and revised techniques for meeting our 2025 leakage target

Leakage technique	Description
Find and Fix	Fully trained detection teams equipped with correlators, ground microphones, temporary noise loggers, step-test masts, integrated IT for SAP WMS/GIS/Flow & Pressure etc. Repair partners covering trunk mains to customer supply pipes.
Data Improvement	Leakage calculation and prioritisation software, Meter Under Registration assessment, fast logging.
Trunk mains	Trunk main metering, trunk main acoustic detection, trunk main detection using sounds and cameras, Trunk main transient monitoring, Trunk main condition assessment.
Service Pipes	Service pipe structural lining, service pipe replacement by dragging through, detection by gas injection, detection by bag inflation, repair using platelet type solution.
DMA (distribution management area) Engineering & Pressure Management	Meter and PRV (pressure reduction valve) provision, GPRS loggers provision, PRV controller provision, PRV maintenance, pressure management opportunity identification, DMA re-design, transient identification.

Leakage technique	Description
Acoustic logging	Permanent acoustic logger trial ongoing. Imminent invitation for tenders for provision of Acoustic Loggers.
Satellite and Drone technology	Both Satellite and Drone trial ongoing once concluded will invite tenders for Satellite leakage detection.
Identifying Customer-side	AMR (automatic meter reading) meters, logging of unmetered properties.
Smart Networks	Event recognition software, hydraulic modelling capability.
Smart Meters	Almost full coverage of AMR meters (where metered). Intend to carry out benefits assessment of AMI in 2022 and if justified start roll-out in 2025 due to ongoing meter installation/replacement programme.

Appendix 4 - Yorkshire Water evaluation criteria for assessing feasibility of options

As explained in Section 5 we will evaluate the bids against the same criteria we use in our WRMP process to assess feasible options to include in our optimisation model to determine a solution to a future water resource risk. The third part bids will be assessed against our need specification, information provided in the Third Party Bid Proposal submission, responses to any Request for Information and any feasibility studies we may carry out in relation to the proposal e.g. water quality sampling.

The first eight questions are yes or no answers. These criteria are pass or fail and any bids resulting in a 'no' to one or more of these questions will be classed as infeasible. However, if there is uncertainty in the answer and the scheme scores high against the 'scoring questions' we may be able to work with the bidder to clarify the uncertainty or will take forward to scope further and carry out an environmental qualitative assessment as part of the WRMP options appraisal process.

Questions 9 to 12 result in a score from 1 to 5 where 1 is low scoring and 5 high scoring. Options which score low in this section (1s or 2s) could be constrained out of the options appraisal. However, this is partly dependent on the Need Specification for WRMP24. If we are aiming to meet scenarios showing a large future deficit (200MI/d or more) we may take forward to the optimisation stage to ensure we have sufficient options available for selection.

Evaluation criteria – pass / fail		Score	Comment
1.	Does the scheme address the problem? Will the bid meet one of the following objectives; <ul style="list-style-type: none"> • Increase current supplies or provide a better value alternative to an existing supply; • Reduce leakage; • Reduce demand for water. 	Yes/No	We will assess if the bid can meet the requirements of our Need Specification defined in Section 3. If the answer is no we will not assess the scheme any further.
2.	Does the bid present a new option that is not already available to us?	Yes/No	
3.	Is the scheme likely to be acceptable in terms of planning constraints including environmental obligations?	Yes/No	Any schemes where there is a known significant environmental impact or planning constraints that

Evaluation criteria – pass / fail		Score	Comment
			cannot be mitigated will be infeasible.
4.	Would the option be acceptable to customers?	Yes/No	We may determine an option as infeasible if our customers would find it unacceptable. However, if this is uncertain or there is scope to communicate benefits to customers and increase acceptability we agree to work with the bidder to do this.
5.	Does the scheme present any significant environmental concerns that cannot be mitigated, or mitigation is disproportionate e.g. high carbon emissions or significant impact on designated sites?	Yes/No	An environmental qualitative assessment will be carried out as part of the WRMP options appraisal. The results of the assessment could lead to the option being constrained out later in the process.
6.	Are the upfront feasibility costs proportionate to the benefit?	Yes/no	This will be dependent on the available information, if in doubt we will consider further scoping of the scheme if the overall score is high.
7.	Are the costs to implement proportionate to the benefit?	Yes/no	This will be dependent on the available information, if in doubt we will consider further scoping of the scheme if the overall score is high.
8.	Does the option have sufficient flexibility to still deliver a benefit under a range of external scenarios (future licence reductions, climate change, deteriorating water quality, political uncertainty)?	Yes/no	This will be dependent on the available information, if in doubt we will consider further scoping of the scheme if the overall score is high.

Evaluation criteria – scoring		Score	Comment
9.	Is the volume of the option proportionate to the deficit or the scheme sufficiently flexible to adapt to the deficit?	Score 1 to 5 Where: 1 = volume disproportionate to deficit; 5 = volume flexible, depending on deficit.	Quantity is dependent on the issue we are trying to address and the cost to benefit ratio. We would not want to invest in a costly, large volume scheme requiring significant environmental mitigation if the deficit was small. Some options are flexible and can be scaled up or down as required, such as demand reduction schemes, and will score higher.
10.	Is the water fit for purpose without disproportionate additional treatment?	Score 1 to 5 Where: 1 = no or little treatment required; 5 = cannot be treated to appropriate level for use.	Water quality constraints will be dependent on use, e.g. potable or sub-potable. We will score the bid against the level of treatment required and may rule the bid out if we cannot treat the water appropriately. We will allocate a low

Evaluation criteria – scoring		Score	Comment
			score if expensive treatment facilities are needed and not already available, and a high score if the water could be easily transferred and treated at an existing water treatment works.
11.	Is there a high level of confidence the scheme is technically deliverable?	Score 1 to 5 with high score for high confidence and low score for low confidence.	If the answer to this question is unknown and the scheme scores high against other criteria we may decide to implement a trial to assess the technical feasibility.
12	Does the scheme have a reasonable lead time for the benefit that could be achieved?	Score 1 to 5 with score higher if 5 years or less i.e. can deliver in one AMP	Some schemes will require significant planning consultation and environmental assessment prior to delivery. Scoring will take into account the potential benefit with large volume schemes with lead in times greater than 5 years scoring higher than low volume schemes with similar lead times.

Appendix 5 - Water quality regulations on introduction of new sources to supply

The following extract from Regulation 28 *The Water Supply (Water Quality) Regulations 2016* identifies a water supplier's responsibilities in respect of introduction of new sources to supply (Regulation 15).

Sampling: new sources

15.—(1) This regulation applies in relation to—

- (a) any source which has not previously been used for the supply of water by a water undertaker or combined licensee;
 - (b) any source which has been so used but not so used for a period of 6 months preceding the date on which the water undertaker or combined licensee proposes to supply water from it.
- (2) Every water undertaker or combined licensee must take or cause to be taken, in accordance with paragraphs (3) and (4), such samples of water as enable it to establish—
- (a) whether water can be supplied from that source without contravening section 68(1) of the Act(a), and
 - (b) the treatment necessary to ensure that section 68(1) of the Act is complied with in relation to the supply of that water.
- (3) The samples must be taken or be caused to be taken—
- (a) before the water undertaker or combined licensee supplies water from a source mentioned in paragraph (1)(a);
 - (b) as soon as reasonably practicable after it has begun to supply water from a source mentioned in paragraph (1)(b).
- (4) Samples must be taken—
- (a) in the case of a source mentioned in paragraph (1)(a), in respect of—
 - (i) the parameters listed in Schedules 1 and 2; and
 - (ii) any other element, organism or substance which, in the opinion of the water undertaker or combined licensee proposing to use the source, may cause the supply to contravene section 68(1) of the Act;
 - (b) in the case of a source mentioned in paragraph (1)(b), in respect of—
 - (i) the parameters listed in Table A in Schedule 1;

- (ii) the conductivity, hydrogen ion and turbidity parameters; and
- (iii) any other parameter as regards which the water undertaker or combined licensee proposing to use the source is of the opinion that its concentration or value is likely to have altered since the last occasion on which water from that source was analysed.
- (5) Unless the conditions in paragraph (6) are satisfied, a water undertaker or combined licensee must not supply water from a source mentioned in paragraph (1)(a) for regulation 4(1) purposes until 1 month has passed following the day on which the water undertaker or combined licensee has complied with regulation 28(1) with respect to the source.
- (6) The conditions are that the water undertaker or combined licensee—
- (a) must supply water from the source as a matter of urgency in order to prevent an unexpected interruption in piped supply to consumers, and
- (b) before the supply is made, has carried out a risk assessment under regulation 27 specifically with respect to that source.
- (7) For the purposes of paragraph (6)(b), regulation 27 applies to supplies made as a matter of urgency as if “treatment works” includes a source from which untreated water is supplied.

