

Yorkshire Water Bid Assessment Framework April 2020

Contents

Contents	1
1. Introduction	2
2. Need Specification	5
3. Prequalification	8
3.1 Request for Information	9
4. Evaluation	11
4.1 In-period or WRMP Options	11
4.2 WRMP Optimisation Model	13
5. Evaluation Results	14
6. Procurement / Commercial Negotiation	14
7. Contract Award	15
8. Time limits and bid clarification	15
8.1 Time limits	15
8.2 Bid clarification	16
9. Governance	16
9.1 Assessment of bids	16
9.2 Protecting commercially sensitive information	17
9.3 Governance and Compliance	17
9.4 Complaints	18
10. Communication of decision	18
11. Appendices	20
Appendix 1: Prequalification Information Request	20
Appendix 2: Request for Information	27
Appendix 3: Yorkshire Water evaluation criteria for assessing option feasibility	30
Appendix 4: Water quality regulations on introduction of new sources to supply	37

1. Introduction

Yorkshire Water is 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 2020-25 Business Plan was published on 3 September 2018 (www.yorkshirewater.com/ourbusinessplan) and interested bidders may wish to understand our overall focus on the development and delivery of demand-side solutions in contrast to supply-side solutions, including our proposals to reduce leakage and per-capita consumption.

An initial view of our company needs is set out in our Need Specification below. To understand the potential requirements which third-party bids could address in further detail, potential bidders should also consult our Water Bidding Market webpage, which details both the water resource management plan for our region and the -published market information data set:

- Water Bidding Market webpage, available at www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/
- Water Resources Management Plan 2019 (WRMP19), available at www.yorkshirewater.com/resources
- Water Resources Market Information, available at www.yorkshirewater.com/resources.

Further to 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, available on our Water Bidding Market webpage, www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/

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. Solutions may be new supplies or new

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

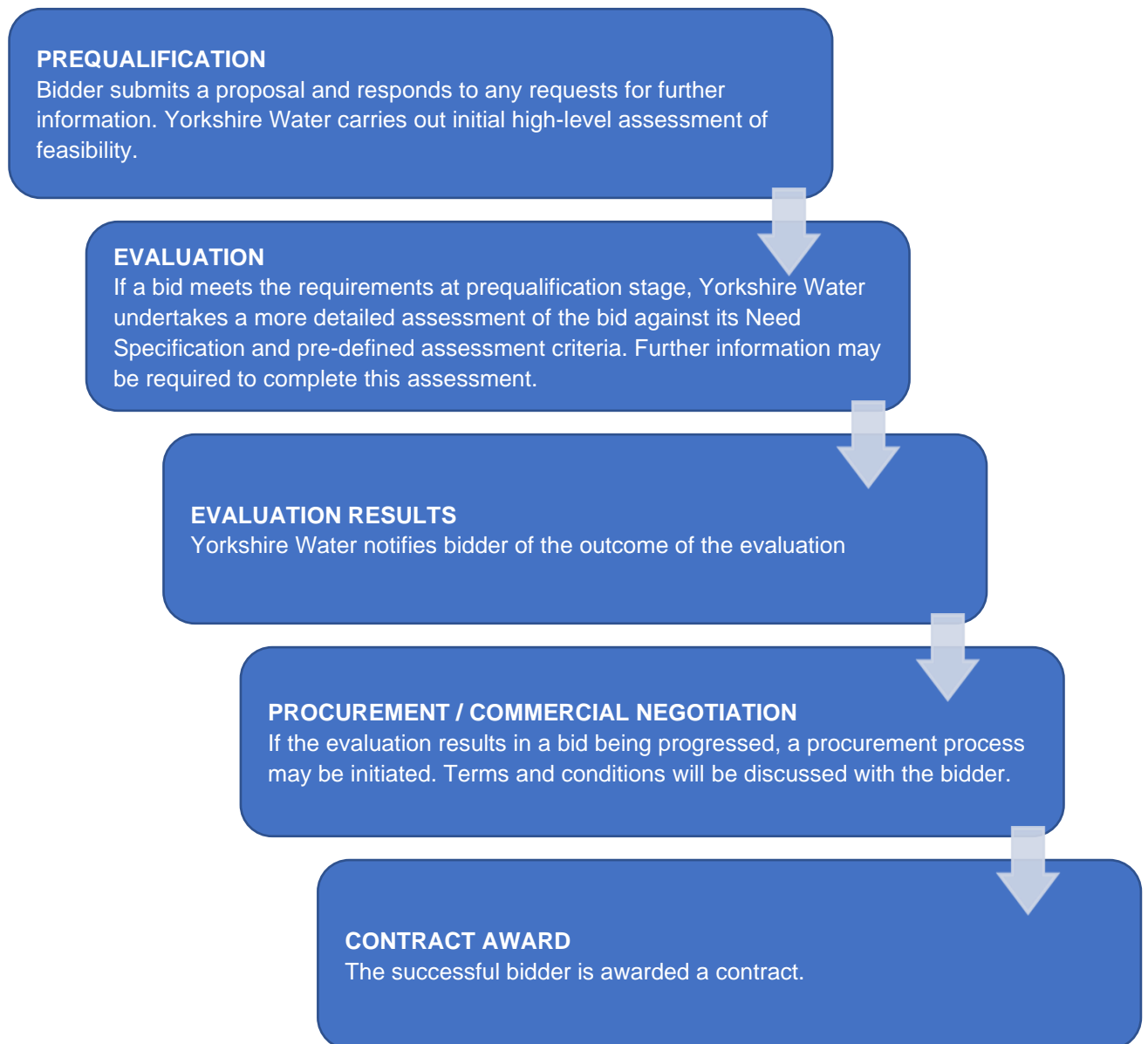
demand management activities, including leakage services. The process we will use for assessing bids is described in this Bid Assessment Framework to provide transparency and confidence that we will take a consistent and fair approach to assessing third-party bids relative to our in-house supply and demand options.

We anticipate there will be many different types of bids, covering a wide range of approaches, durations and complexities. We have set out our thoughts about the information that will be required, but we encourage potential bidders to tell us if they feel we are failing to capture information that demonstrates the unique benefits they can provide.

Our Bid Assessment Framework, Trading and Procurement Code and Need Specification will be regularly reviewed to ensure that they meet the needs of the business, effectively assist third-party bidders, and we adhere to any new guidelines or legislation that affects our policies. As we receive and assess bids, we will take into account any third-party feedback and learning from the experience, to ensure our processes are continually improved and made as easy as possible for bids to be submitted.

Our process for assessing third-party bids is summarised in Figure 1 and further explained in the following sections. If you have any questions before deciding whether to submit a bid, please contact us at: 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. Need Specification

This section of the Bid Assessment Framework sets out for the purposes of clarity and transparency the specified needs that any potential bid should be designed to contribute to or fulfil. We wish potential bidders to understand at the outset of this process our requirements such as the quality, reliability, cost and environmental considerations which set the context in which any bid and prospective contract will be assessed.

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. This plan forecasts supply and demand for drinking water in our region and assesses 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). A smaller East SWZ, which covers Whitby and the surrounding area, supports around 1% of our customers.

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 risk. This could be through the use of demand-side schemes, supply-side schemes or a combination of both. We have numerous options available to us if we identify a risk to future water supplies. These options have been scoped to understand their 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 feasible options (both supply and demand) to identify the best value solution. The costs and benefits considered include monetary costs, carbon costs, social and environmental 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, 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 by a minimum of 15% 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 risks and solutions are regularly reviewed, and our plans can be adapted if more appropriate solutions are identified. The next review of the WRMP is due to be published in 2023 and, as with previous plans, a consultation will be carried out on a draft version 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 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 very interested in encouraging more immediate, potentially shorter-term 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 materially more efficient than our current techniques/solutions.

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 performance commitment target.
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.

To understand the potential requirements that bids could address in further detail, please also consult our Water Bidding Market webpage at www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/

3. Prequalification

Third parties that think they have a solution in line with our Need Specification may submit a bid using the Bid Submission Form on our Water Bidding Market webpage. Yorkshire Water will then carry out an initial, high-level assessment of whether it meets the prequalification criteria and has the potential to contribute to resolving our needs.

The prequalification criteria for third party bids is 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 and demand-side options.

- A **'supply-side'** option increases the available water we have to supply customers.
- A **'demand-side'** option reduces the volume of water we are required to put into supply.

The first step in our bid assessment process is to carry out a high-level study to determine if the option has the prospect of being feasible – i.e. from the available data, is it technically deliverable and does it address our needs (as specified in our Need Specification and on our webpage) – and whether the option is different to those currently available to us or provides better value than our current systems and services.

Whilst we are committed to maintaining our open approach to the market, please note that where we already have contractual commitments in place, we reserve the right to reject or place on hold similar/equivalent bids. Similarly, during procurement tenders for solutions within the scope of the water bidding market, we reserve the right to reject or place on hold similar/equivalent bids.

To enable us to carry out this assessment, we ask bidders to complete a **Bid Submission Form**. We will use this information to assess the feasibility of a bid using the same pre-defined criteria we use to assess our in-house options for meeting water resource needs.

The initial pre-qualification criteria are explained in **Appendix 1**. This sets out the main questions we will ask at this stage, including whether specific information is presently required or can be provided at a later stage. For instance, water quality data would be needed for a water trade but is not necessarily required initially.

We have separate submission forms dependent on the type of bid, as we require different information to enable assessment. See our Water Bidding Market webpage for **our Bid Submission Forms**.

Should bidders consider any of the information requested on the forms to be commercially sensitive, they should highlight the applicable area and request a non-disclosure agreement (NDA) before providing that element. If the prequalification can be progressed without this information, we will do so and subsequently put an NDA in place as part of the Evaluation process (see Evaluation). If not, we will facilitate signing as part of Prequalification.

Bidders should also visit the [What to expect after submitting a bid](#) section of our Water Bidding Market webpage for guidance on some of the common requests you may expect to receive from us at later stages in the bid assessment process. Whilst no bid received will likely be exactly the same, there are certain common requests or requirements you may expect to come across, either through our procurement process or specifically for a water resource, leakage or demand management bid.

The appropriateness these elements will need to be considered with regard to the nature of each bid. However, this overview is intended to help third parties understand at the outset what to expect when submitting a bid. Given the developing nature of this market, information on this page and our bid assessment processes will be updated as experience of the water bidding market develops.

3.1 Request for Information

As part of prequalification, we may need to contact bidders with an additional Request for Information (RFI) to obtain further technical information and / or commercial information on your bid.

The extent of the further information required will be dependent on individual proposals and proportionate to the complexity of the offer. To demonstrate this, a bid could be a one-off transaction, such as the rights to use a water source. Alternatively, a bid could contain proposals for Yorkshire Water to enter into a contract with a third party that delivers a service or provides a water supply for an agreed period of time, under agreed conditions.

To ensure that we take a proportionate approach, we define third party bids as 'simple' or 'complex':

- A **'simple' bid** is likely to be a one-off transaction where the third party is not providing an ongoing service. 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, where no further interaction would be required between the two parties once the agreement was made. This might also cover a time-limited arrangement, for example, the rights under an abstraction licence for a specific period.
- A **'complex' bid** is likely to be a contract agreement. This would be a commercial agreement between Yorkshire Water and a third party that would last for a defined period of time.

We would expect to require less information for a simple bid than a complex bid, as the assessment criteria would be proportionate to the complexity of the offer.

If we decide to progress with a bid, the same approach of simple vs complex will be applied to our procurement process (if required, see **Call for competition under Time limits and bid clarification**). The level of information required through this process will be dependent on the type of transaction agreement required between Yorkshire Water and the third party.

Appendix 2 provides examples of the type of information we are likely to request. The exact information we request at this stage will be proportionate and based upon the detail provided in the **Bid Submission Form**.

In completing a Bid 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 may, if practical, work with the bidder to collect further information.

4. Evaluation

If a bid meets the requirements of the prequalification stage, Yorkshire Water will carry out a more detailed assessment of the bid, including determining whether a bid should be progressed in-period or as part of the WRMP process.

If it meets the requirements of the Prequalification stage, the bid will progress to Evaluation, where a more detailed assessment of the bid will be carried out. This stage is likely to start with a request for further detail, as outlined under **Request for Information** in the section above. We will probably ask you to complete a mutual Non-Disclosure Agreement at this stage, allowing us to discuss commercial terms or share operational data in confidence.

During the Evaluation stage, we assess proposals against the same criteria that we use to determine the feasibility of in-house options. These criteria are provided in Appendix 3.

Once we determine if a bid is feasible, we will assess whether it provides sufficient benefit to progress during the 2020-25 period ('in-period'). If a feasible bid does not progress in-period, it will be considered in the next WRMP options appraisal process and assessed against the long-term supply demand risks. If a bid progresses either in-period or is part of our long-term planning solution, Yorkshire Water will consider the most appropriate procurement process. Further detail on all of these scenarios is provided in **Sections 4.1 – 4.2** and **Section 6**.

4.1 In-period or WRMP Options

Yorkshire Water has an open bidding process for third parties to submit bids, meaning it is not time-limited to the period during which we review our WRMP.

However, depending on where we are in the WRMP process the inclusion of an option in a WRMP options appraisal could be delayed until the next WRMP, unless there is a clear benefit to Yorkshire Water entering into an "in-period" agreement.

As part of the Evaluation we will consider whether a bid should be considered in-period or as part of our WRMP process.

During the 2020 to 2025 period we have a performance commitment to reduce leakage on our water mains and supply pipes by at least 15%. We also have a performance commitment to reduce per capita consumption of water during this period. Our WRMP19 deficit will be met by achieving our 2020 to 2025 leakage performance commitment. We therefore have not identified an immediate

need to bring new resources into supply in the 2020 to 2025 period to meet the WRMP19 deficit. However, we recognise that the bidding market has potential to provide additional resources that could enhance our current supply system either through reducing operational costs and/ or improving sustainability over the long term.

Where there is evidence of an immediate benefit from a bid proposal and implementation of the scheme is deliverable in the short term we will consider in-period. However, progression of bids will be dependent on the outcome of essential pre-implementation activities (e.g. trialling new techniques, water quality sampling, planning permissions) and the benefit and whole life cost of an option in the long term. Therefore, the majority of in-house and third-party options, will be considered as part of our WRMP process. However, we want to emphasise that we are taking an open approach to the market, where we do not time-limit bidding to the period during which we review our WRMP. This should ensure bidders are not deterred from submitting a bid due to restrictive timescales and allow us to consider potential options outside of WRMP and business planning processes.

In-period options

For an option to be considered in-period, it will need to demonstrate the potential to be more cost-effective or beneficial than our current operations, services or resources. If there are clear benefits that mean an option should be implemented within the current period, a scheme will be taken forward to the next procurement stage outside of the WRMP process.

WRMP options

For an option to be considered in the WRMP, it will need to present a potential solution to risks identified through the WRMP long term planning process. These risks are reviewed with each iteration of the WRMP and we will update the need specification in our Bid Assessment Framework to represent the latest information.

The WRMP is delivered in accordance with statutory requirements and Environment Agency guidelines every five years. It forecasts future supply and demand for each of the two Yorkshire Water resource zones over a planning period of 25 years or more and identifies any potential deficit. We also assess the risk of a zone becoming less resilient in the future, including resilience to droughts. If we identify risks to security of supply, we carry out an options appraisal to find a sustainable solution over the long term. The first step of our WRMP options appraisal process is to collate an unconstrained list of options and then determine which are feasible for including as potential options to close a supply-demand deficit. Unconstrained options are considered technically deliverable, but they have not been evaluated to determine if they meet the problem we need to address and are sustainable long-term solutions.

Offers received through the Water Bidding Market will go through this same Evaluation process as in-house options to determine if they are feasible and meet the Need Specification of the WRMP, Any in-house or third-party option that has been determined as feasible in previous assessments will be re-evaluated for each iteration of the WRMP to ensure they continue to be feasible options taking into account latest information include the problem(s) identified in each iteration.

4.2 WRMP Optimisation Model

For WRMP options, cost information will be used in the WRMP optimisation model to determine a long-term solution based on whole life costs. Costs will include financial capital (build) and operational expenditure and monetisation of carbon, environmental and social impacts in line with our six capitals approach. Yorkshire Water will also carry out a qualitative environmental assessment, in accordance with section 6.7 of the Environment Agency Final Water Resources Planning Guideline 2016 (or any guidelines that supersede this). Feasible options will be added to our WRMP optimisation model to determine the least cost solution using 'The Economics of Balancing Supply & 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 100% achieved
- 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 least 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 feasible option will be assessed for environmental impacts in line with the latest Environment Agency guidelines. This will include a Strategic Environmental Assessment (SEA) and, where applicable, a Habitats Regulation Assessment (HRA). Regulatory requirements and customer preferences will also contribute to the final selection of options for inclusion in the WRMP solution. Our final planning solution will be the best value solution for the long term and not necessarily the least cost solution.

For further information on the Yorkshire Water WRMP options appraisal process, see the options appraisal section of our WRMP. We are required to publish each iteration of the WRMP, including information on options and the appraisal process to determine a solution to any supply-demand deficit. This will include consideration of third-party options. Any commercially sensitive information relating to these options will be redacted before publishing.

5. Evaluation Results

Following completion of the Evaluation stage, we will communicate the evaluation result to the bidder in a timely manner. This will include 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 options appraisal 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.

6. Procurement / Commercial Negotiation

At the point Yorkshire Water determines that it plans to progress an option, either in-period or through the WRMP process, it will need to consider whether to initiate a procurement process. If Yorkshire Water considers the proposal is not unique to the bidding organisation, 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 demonstrate whether alternative providers existed.

This step may be required in order to ensure compliance with The Utilities Contract Regulations 2016 (UCR 2016) by ensuring the avoidance of artificially narrowing competition. If this formal

market test results in no alternative suppliers, then Yorkshire Water will engage with the original bidder in commercial negotiation.

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. Time limits and bid clarification

8.1 Time limits

We are taking an open approach to the market, where we do not time-limit bidding to the period during which we review our WRMP; we are committed to assessing any bid submitted to us to determine its potential to meet our Need Specification. We recommend, however, that bidders take note of the WRMP and business planning timescales, as most feasible options will be considered as part of our WRMP process.

Water company business plans are delivered in five-year periods, the current being 2020-25, which are preceded by a price review. Through the price review process, Ofwat sets price, investment and service packages for water companies. Investment requirements for securing water supplies are determined via the WRMP process, which 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 to provide guidance. These are subject to change according to the release of the Environment Agency WRMP24 planning guidelines.

Indicative WRMP24 timescales:

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

Any bids that we receive and determine as feasible options for WRMP24 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.

8.2 Bid clarification

After receiving a **Bid Submission Form** we will, where appropriate, utilise the standard negotiated process within the Utilities Procurement Regulations 2016 to deal with questions and ambiguity with bidders during a clarification stage, which will be at the same time as we provide bidders with an RFI - see Section 3.

9. Governance

The bidding process will be overseen by a 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.

9.1 Assessment of bids

The Prequalification and Evaluation stages of our Bid Assessment Framework will be overseen by our Market Operations and Markets Team respectively. The former has experience of managing requests between wholesalers and retailers within the competitive Retail Non-Household market, and the latter of working across the business to assess and, if appropriate, bring third-party opportunities to contractual close.

The team responsible for the evaluation of third-party bids will determine if the proposed solution will be progressed for implementation in-period, included as a feasible option in the next WRMP options appraisal or is not viable.

Any options which progress to a procurement exercise will be overseen by a separate procurement function which gives assurance of independence and compliance with the regulations.

All these teams are independent from any Yorkshire Water employees who have been involved in developing internal water resource options.

9.2 Protecting commercially sensitive information

Our governance arrangements are designed to provide the independence that gives bidders confidence that their commercially sensitive information is protected. In addition to this inherent structural independence, up to date training on the requirements under law and our licence is maintained for colleagues engaged in market management and bid assessment.

Information submitted by bidders is protected through secure servers and access controls.

As previously noted, we are happy to enter into confidentiality and non-disclosure agreements with third party bidders. We are willing to provide draft agreements on request.

Through our use of independent assessment teams, dedicated training and information access controls, we believe that bidders can be confident that their information is protected and disclosed only to the extent that enables assessment in line with this framework.

9.3 Governance and Compliance

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.

Where applicable, procurement projects – such as those 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.

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.

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. Any information we publish on bids received and why they were determined as feasible or not will be high level and not compromise commercial confidentiality.

9.4 Complaints

Third parties who wish to raise a complaint or appeal in relation to the processes used in assessing their bid or awarding a contract can contact us through our complaints process published on our Water Bidding Market website www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/water-bidding-market-complaints-and-appeals/ or via a procurement (SAP Ariba) portal if the latter.

10. Communication of decision

As outlined in Section 5 above, once a bid has been evaluated, we will communicate the evaluation result to the bidder in a timely manner. This will include notifying the bidder where the option requires a call for competition.

Where the outcome of a bid was to carry out an open competitive tender, upon completion 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 6. We will update Section 6 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 4), 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 to allow us to provide the appropriate information to the DWI, we require sufficient data on the water quality of any potential new source. Before we can approach the DWI with an application for using the source we must be able to confirm that we can use a source and continue to provide safe drinking water to our customers.

In the absence of sufficient historical 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 6-12 months to collect the data, the latter if there is likely to be appreciable seasonality in the source. 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.

11. Appendices

Appendix 1: Prequalification Information Request

The following provides a list of questions third parties should expect to need to answer when submitting a bid.

Please see our website www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/ for downloadable forms which can be completed and submitted to the Water Bidding Market inbox.

Water supply bid

1. What is the source of supply e.g. river, groundwater, reservoir, canal, mine water discharge or final effluent?
2. Is the potential supply raw, treated or other (e.g. grey water)?
3. What daily volume (mega litres per a day or cubic meters) will the scheme provide on average?
4. Will the volume proposed above be available every day of the year and every year for the period the agreement will be in place, provided licence conditions are adhered to?
5. If your bid offers a peak volume that is different to the daily average volume provided in answer to 3a, what is it (mega litres per a day or cubic meters)?
6. What will the bid provide on average? i.e. is there a daily maximum allowance that is different to the annual average.
7. Is the bid related to a licenced abstraction?
 - Is the licence time limited?
 - Is the licence for consumptive or non-consumptive use?
 - What is the current use of the licence e.g. spray irrigation, potable water supply, farming or cooling?
 - If it is for farming, is it arable or livestock?
 - When was the licence last in use?
8. Are there any licence constraints on the water resource e.g. hands-off flows, seasonal or tidal?
9. Are there any known future risks to the resource e.g. deterioration due to climate change, water quality, licence threats?

10. Is the source of supply an existing trade or being offered as a trade to any other parties including any other water companies?
11. Are there any known environmental risks linked to the water resource?
12. Will it impact on a designated site?
13. Please provide the location of the source of supply or the point at which the source would be transferred to Yorkshire Water.
 - Is the land easily accessible?
 - Does it require any special permissions?
 - Please describe the land surrounding the source of water and its use.
 - If industrial land what type of industry and who it is owned by.
 - If livestock farming what type of livestock.
14. Are there any other assets (boreholes, pumps, pipelines etc) that would be included in the bid?
15. Does the bidder have a suggested proposal for how the resource could support Yorkshire Water's supply system?
16. Please include nearest Yorkshire Water asset where the bid supply 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.
17. What is the first year when the water resource could be made available to Yorkshire Water?
18. Is the proposed bid a permanent trade or will it be temporary?
 - If temporary, please state the time period the source would be available to Yorkshire Water and if there is any scope to extend a contract beyond the initial end date.
19. 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 establish whether we would need to collect additional water quality information in order to help inform our assessment.
20. Could the bid have an impact either positive or negative on other Yorkshire Water performance commitments? www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/the-water-bidding-market-and-our-performance-commitments/
 - Please explain any potential positive or negative impacts and how these might be mitigated.
21. Are you, or any of your staff, related to a board member or employee of Yorkshire Water Services Limited?
22. Do you, or any of your staff, have a private business relationship with a board member or any member of Yorkshire Water Services Limited?

23. Has the Bidding Entity or its Directors or any other person who has powers of representation, decision or control of your company been convicted of any of the any of the offences on our website? www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/what-to-expect-after-submitting-a-bid/

Demand management bid

1. What type of demand reduction option are you proposing? E.g. Customer side leakage reduction, demand management household customers, demand management non-household water users, or other.
2. What demand reduction benefit will the bid provide?
 - Please state units, this could be litres per person, cubic metres per day or litres saved against average consumption.
 - If there is no defined volumetric benefit, please explain the benefit that it will achieve e.g. behavioural/educational initiative.
3. Provide a description of the bid proposed. Including whether a behavioural/education initiative or technological or service proposal.
4. Please provide as appropriate to the type of bid proposed: qualifications, legislative requirements, H&S requirements, and/or WRAS approvals.
5. Has the proposed bid been tested and proven to work? Please provide any available evidence.
6. Please provide the technology readiness level (TRL).
7. 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?
8. What is the earliest date that the proposal could start?
9. Are there any time constraints?
10. How long would the proposal run for?
11. What is the lead-in time to achieve the demand reduction benefit?
12. Are the savings maintained following implementation or does the service need to be repeated?
13. Are there any known water quality risks related to the option e.g. grey water? Please include any available information including any mitigation of the risks.
14. 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?
15. Please provide case studies evidencing successful implementation and benefits of the proposal.
16. Please provide any additional information you would like us to consider in relation to your bid.
17. Could the bid have an impact either positive or negative on other Yorkshire Water performance commitments? www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/the-water-bidding-market-and-our-performance-commitments/

- Please explain any potential positive or negative impacts and how these might be mitigated.
18. What, if any, bids or tenders have you engaged with Yorkshire Water on in the last two years?
 19. Are you, or any of your staff, related to a board member or employee of Yorkshire Water Services Limited?
 20. Do you, or any of your staff, have a private business relationship with a board member or any member of Yorkshire Water Services Limited?
 21. Has the Bidding Entity or its Directors or any other person who has powers of representation, decision or control of your company been convicted of any of the any of the offences on our website? www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/what-to-expect-after-submitting-a-bid/

Leakage solution bid

1. Will the bid be cost effective at reducing leakage at Yorkshire Water? Please describe how.
2. What is your notional financial offering for the service/solution within the bid?
 - What does the notional financial offering include? For example: service level agreements, resources, ongoing operating costs, etc.
3. Has the proposed bid been tested and proven to work?
4. Please provide the technology readiness level (TRL).
5. What is the scale of the opportunity to Yorkshire Water?
 - Please consider leakage performance volumetrically and financial efficiencies (£K/yr) separately when answering this question.
6. What type of leakage solution are you offering?
7. Is the bid providing a service or hardware solution?
8. What range of leakage management services or solutions is the bid applicable to?
 - Finding leaks
 - Fixing leaks
 - Data analytics
 - Other
9. Which asset type is the solution applicable to:
 - Trunk mains
 - Distribution management areas (DMA)
 - Service pipes
 - Service reservoirs
 - Other
10. Will the bid will provide a new/unique solution to complement existing Yorkshire Water business processes, or will it replace an existing solution?
 - If the bid is a new/unique solution, please describe the unique features and how these features will realise benefit.
 - If the bid will replace an existing solution, what are the key drivers which would build the business case to change?
11. What assumptions regarding leakage management and performance have been made?
Please identify the assumptions being made regarding Yorkshire Waters leakage management system and the assumptions made regarding the proposal.
12. Does the solution come into direct contact with treated water within the system?
13. Does the solution, both hardware and/or personnel have relevant approvals to work on a live water system.

14. Please provide as appropriate to the type of bid proposed: qualifications, legislative requirements, H&S requirements, WIRS approvals, WRAS approvals, water hygiene cards and/or Regulation 31.
15. 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?
16. Please provide details of a suggested implementation timeline for the solution. This should consider key milestones in implementation, with an indication of the information required to support the implementation. Further when in the timeline business benefits would be realised and how they would be measured.
17. Will third parties be involved in providing goods or services? Please provide details.
18. What is the duration of the proposed solutions/services?
19. Please provide case studies evidencing successful implementation and benefits of the proposal.
20. Please provide any additional information you would like us to consider in relation to your bid.
21. Could the bid have an impact either positive or negative on other Yorkshire Water performance commitments? www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/the-water-bidding-market-and-our-performance-commitments/
 - Please explain any potential positive or negative impacts and how these might be mitigated.
22. What, if any, bids or tenders have you engaged with Yorkshire Water on in the last two years?
23. Are you, or any of your staff, related to a board member or employee of Yorkshire Water Services Limited?
24. Do you, or any of your staff, have a private business relationship with a board member or any member of Yorkshire Water Services Limited?
25. Has the Bidding Entity or its Directors or any other person who has powers of representation, decision or control of your company been convicted of any of the any of the offences on our website? www.yorkshirewater.com/about-us/what-we-do/become-a-supplier-of-yorkshire-water/water-bidding-market/what-to-expect-after-submitting-a-bid/

Appendix 2: Request for Information

This appendix provides examples of the type of information we may ask bidders to provide in an RFI after we have received a **Bid Submission Form**.

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 3 and set out in further detail below:

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, RFIs 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 both 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 legislation related to 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 evaluation criteria for assessing option feasibility

As explained in Section 4, we will assess proposals against the same criteria that we use to determine the feasibility of in-house options. Third-party bids will be assessed against our Need Specification, based on information provided in the **Bid Submission Form**, responses to any RFIs and any feasibility studies we may carry out in relation to the proposal, such as water quality sampling.

Table 1 contains the evaluation criteria we use for assessing the feasibility of WRMP options. We will use these criteria for supply side options and demand management (demand-side) options. For leakage (demand side) options, given our ambitious 2020-25 leakage reduction targets, we have an adapted set of initial criteria, which seeks to quickly and clearly identify whether an option could be progressed in-period, provided in Table 2. Leakage bids that are considered technically feasible but not progressed in-period will be reviewed against the Table 1 criteria as part of the WRMP option appraisal process, as they may have potential to meet longer term leakage reduction requirements, such as halving leakage by 2050 as recommended in the National Infrastructure Assessment 2018².

Table 1: WRMP option feasibility evaluation criteria

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

² National Infrastructure Commission – National Infrastructure Assessment July 2018
<https://www.nic.org.uk/publications/national-infrastructure-assessment-2018/>

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 or transport?	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 in the vicinity. We will allocate a low 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.

Evaluation criteria – scoring		Score	Comment
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.

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 (200Ml/d or more) we may take forward to the optimisation stage to ensure we have sufficient options available for selection.

Table 2: Leakage evaluation – initial criteria

Evaluation criteria – pass / fail		Score	Comment
1	Is the solution TRL 8 or 9?	Yes/No	If “Yes” the bid should progress via the bid assessment framework route. If “No” the bid should progress via our Innovation assessment route.
2	Does the option address the problem; will it deliver one of the following objectives? <ul style="list-style-type: none"> • Reducing leakage • Delivering leakage management solutions more efficiently • Other – please state 	Yes/No	We will assess if the option can meet the requirements. If the answer is “No” we will not assess the option any further.
3	a. Does the bid present a new option that is not already available to us?	Yes/No	If “Yes” then continue the assessment. If “No” see question 3b
3	b. Does the bid potentially provide a solution which is compliant with any existing frameworks/ contracts YW have in place for similar solutions.	Yes/No	If “Yes” then progress the assessment. If “No”, inform the Bidder of the next available window of opportunity to re-engage in a procurement process.
4	Is the option likely to be acceptable in terms of planning constraints, including safety and environmental obligations?	Yes/No	Any solutions where there is a known significant environmental impact or planning constraints that cannot be mitigated will be infeasible. As such if “Yes” continue assessment, if “No” we will not assess the option any further.

Evaluation criteria – pass / fail		Score	Comment
5	Would the option be acceptable to customers?	Yes/No	We would 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 may agree to work with the bidder to do this. If the answer is “No” we will not assess the option any further.
6	Is the case study and proposed benefit translatable to Yorkshire Water?	Yes/No	This will depend on the information provided. If “Yes” progress the evaluation, if “No” and there are significant differences in the assumptions, these will need to be further clarified in further information requests during Evaluation.
7	Are the upfront feasibility costs proportionate to the benefit?	Yes/No	This will be dependent on the available information. Feasibility costs may include data sharing or small-scale pilots, for example. If “Yes” progress the Evaluation, if “No” then stop the Evaluation. If there is doubt and the option scores highly, we may consider further scoping.
8	Are the costs to implement proportionate to the benefit?	Yes/No	This will be dependent on the available information. If “Yes” progress the Evaluation, if “No” then stop the Evaluation. If there is doubt and the option scores highly, we may consider further scoping.

Evaluation criteria – pass / fail		Score	Comment
9	<p>Does the solution require the bidder or YW employees to have certification/accreditation to allow the use of the solution?</p> <p>Does the implementation timeline account for time required to gain the required certification/accreditation?</p>	Yes/No	If the answer is “No”, the bid should either be progressed along our Innovation assessment route or resubmitted once relevant approvals are in place.

These criteria aim to identify what niche the bid is looking to exploit and whether it would be feasible in replacing or complimenting existing solutions/services, including establishing the competence and maturity of the option within the water industry.

These criteria are yes or no answers, with “yes” scores resulting in the bid progressing for further assessment and “no” scores either resulting in assessment ceasing or occurring via our Innovation assessment route. If there is uncertainty in a “no” score, we may be able to work with the bidder to clarify or proceed with evaluation.

If evaluation against these criteria determines a solution is feasible, we carry out the following activities to determine if the option should be considered for ‘in-period’ implementation:

1. Evaluate the option’s viability in relation to our existing business structure, long term strategy and business change requirements for accommodating the option.
2. Determine any new infrastructure or data capture required to support the solution, or benchmark current performance.
3. Develop the notional implementation route and establish the notional procurement process, if the business case and the required business change programme are likely to deliver improved performance or efficiency.

Leakage bids that are considered technically feasible but not progressed in-period will subsequently be reviewed against the Table 1 criteria as part of the WRMP option appraisal process, as they may have potential to meet longer term leakage reduction requirements, such as halving leakage by 2050 as recommended in the National Infrastructure Assessment 2018.

Appendix 4: 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.

YORKSHIREWATER.COM

Yorkshire Water Services Limited, Western House, Halifax Road,
Bradford, BD6 2SZ. Registered In England and Wales No.2366682

