



# South West Devon Residual Waste Treatment and Disposal Contract

## Bid Evaluation Procedure

### Call for Final Tenders (CFT)

#### Issue 01



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### **1. General Award Principles**

1.1 The Contract will be awarded to the Tenderer who offers the most economically advantageous tender. The most economically advantageous tender will be determined by the highest overall score. The overall score for each tender is determined by adjusting the quality score with the scores for economic cost and affordability.

### **2. CFT Evaluation Process**

#### **2.1 Check for Completeness:**

On receipt of the Tenders, an initial check will be undertaken to ensure that the submissions are complete and understood by the Authority. The Authority reserves the right to require some or all of the Tenderers to clarify their tenders in writing.

#### **2.2 Check for Affordability:**

All Tenders will initially be reviewed within the context of overall affordability to judge whether the target Net Present Cost generated from the Reference Case has been met and should therefore be affordable.

If both Tenders are unaffordable then the Authority reserves the right to re-open dialogue for a revised ISDS stage with both Tenderers, to discuss affordability issues.

#### **2.3 Check for Thermal Element:**

There will then be an assessment as to whether the Tender is compliant with the Authority's requirement for a thermal element. The Authority reserves the right to disqualify the Tenderer at this stage if, in the Authority's opinion, this element is not contained within the Tender.

#### **2.4 Check for BMW Diversion:**

An assessment for confirmation that the Tender is compliant with the Authority's requirement for BMW diversion will next take place. The Authority reserves the right to disqualify the Tenderer at this stage if, in the Authority's opinion, the diversion level offered by the Tenderer does not meet the minimum threshold of 20%.

#### **2.5 Check for Compliance with positions agreed and discussed prior to CFT:**

There will be an assessment as to the degree of compliance of the Tender with the Tenderers' positions as discussed with the Authority in dialogue and set-out within the Contract and Contract Schedules ("the Close Positions") issued with the CFT documentation. For the avoidance of doubt the Contract Schedules include the Payment Mechanism, Performance Framework and the Output Specification. The Authority reserves the right to eliminate any tender at this stage if, in the Authority's opinion, the mark up of the Contract and Contract Schedules materially deviates from the Close Positions.

2.6 Once the initial tests have been concluded the formal evaluation will commence. Each quality element will be assessed in accordance with the criteria contained in Section 3. Unless noted otherwise, the Authority will assess the suitability of information provided by Tenderers (and hence the proposed solution) to meet the Authority's current and potential future requirements under each criteria heading in Section 3. Each criterion will be scored according to the table below, unless where otherwise specifically expressed.

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<b>Score (%)</b>	<b>0</b>	<b>1 - 25</b>	<b>26 - 49</b>	<b>50 - 65</b>	<b>66 - 85</b>	<b>86 - 100</b>
<b>Judgement</b>	Unacceptable	Poor	Fair	Satisfactory	Good	Outstanding
<b>Definition</b>	No information submitted to evaluate	Most or all of the requirements are not met	Some of the requirements have not been met	All requirements have been met or with only some minor amendments	All requirements have been met in full with some added value	All requirements have been met in full with significant added value

2.7 The overall 'quality' score will then be produced for each tender.

2.8 In parallel to the quality assessment, an assessment of the submitted Economic Cost of the Tender and Affordability of the cost of the Service will be undertaken in accordance with Section 4 below. The economic cost and affordability of the Service are evaluated separately and the results are then applied as an adjustment which will be used to modify the 'quality' score, thus providing an overall score for each Tender.

2.8.1 The economic cost to the Authority of each Tender will be calculated using the methodology as set out in Section 4. The scoring methodology to be adopted in the evaluation of economic cost at CFT is to derive a mean of the net present cost of each of the Tenders and the Reference Case (OBC refresh to reflect the changes in Contract Waste tonnages) for each of the Waste Flow Profiles set out in Table 2 in Section 4 and then score each Tender in relation to its position to this mean. The score for a particular Tender is calculated based on the percentage deviation of its net present cost from the mean. The score will then have a weighting applied to it as set out in Table 1 in Section 4.

2.8.2 The affordability test examines the nominal cost impact of Tenderers' proposals on the financial position of the Authority. The scoring methodology to be adopted in the evaluation of Affordability at the CFT stage is to derive a mean of the nominal cost of each of the Tenders and the Reference Case (OBC refresh to reflect the changes in Contract Waste tonnages) for each of the Waste Flow Profiles set out in Table 2 in Section 4. The score for a particular Tender is calculated based on the percentage deviation of its nominal cost from the mean. The score will then have a weighting applied to it as set out in Table 1 in Section 4.

2.9 Submissions will be considered in parallel by the evaluation team, consisting of representatives of the Authority and external advisers.

2.10 Minimum Score Requirements:

2.10.1 The Authority has certain minimum score requirements in respect of certain sections and will reject any Tender which fails to meet such minimum scoring thresholds.

These minimum score thresholds are applicable to the following sections:

- Sections:     3.1.1.2  
                   3.1.1.8  
                   3.4.1.1

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### 2.11 Evaluation Guidelines:

2.11.1 It is acknowledged that amendments made to the Contract may cause financial and/or technical risks to transfer to the Authority. Notwithstanding any other provision herein, the Authority reserves the right to evaluate any such amendment as part of the financial and/or technical evaluation exercises, as appropriate. In particular, the financial evaluation may also take account of any material changes to the allocation of financial risk in the Contract and the competitiveness of the Tenderer's proposals for those positions adopted by the Tenderer or for any financial omissions in the Contract which the Tenderer is required to complete as part of its submission.

### 2.12 Presentations to Members and Stakeholders:

2.12.1 From time to time throughout the process Tenderers may be invited to make presentations to Members, officers or other stakeholders. This is to assist the Members', officers' and stakeholders' understanding and appreciation of the Tenders and to give them an opportunity to ask their own clarification questions. Tenderers' performance at any such presentations will not form part of the Authority's evaluation and will not be scored, though information gathered at such presentations will be used to inform and verify.

### 2.13 Tie Break Criteria:

2.13.1 In the event that the overall score conducted in accordance with Section 3 and 4 of this CFT Bid Evaluation Procedure respectively results in a tie between two Tenders, the Authority will proceed with the Tender that has the lowest Net Present Cost (as evaluated in accordance with Section 4 of this CFT Bid Evaluation Procedure).

2.13.2 In the event of a tie and there being no difference following application of the tie break criteria described in Section 2.13.1 above then the Authority will proceed with the Tender that has the highest quality score (as evaluated in accordance with Section 3 of this CFT Bid Evaluation Procedure).

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**3. CFT Evaluation Assessment**

Criteria		Method Statement	Weighting out of 100																		
			Max Score																		
			CFT																		
			Level 2	Level 3																	
<b>3.1 Technical Assessment Level 1 = 27%</b>																					
<b>3.1.1</b>	<b>Suitability of Technical proposals and management of rejects and outputs (including R1 functionality)</b>		<b>40</b>																		
	<p>3.1.1.1 Robustness of waste mass balance</p> <ul style="list-style-type: none"> <li>Waste flow model provided is mathematically sound and assumptions are reasonable and referenced to the assumption within the submission. Data cells are active and hard coded cells are limited. Model will show waste types diverted prior to treatment and those either pre treated or land filled</li> </ul> <p>3.1.1.2 Ability of proposals to meet or exceed contract diversion targets</p> <ul style="list-style-type: none"> <li>Targets as set (20% BMW waste to landfill), scores satisfactory at 5. Sliding scale up to 10 as landfill of BMW approaches 0%.</li> </ul> <p><i>This evaluation criteria has a minimum score requirement. The Authority will reject any Tender which fails to meet such minimum score. The scoring to be used for this evaluation is below:</i></p> <p><i>Quantity of BMW land filled will be calculated using the calculation methods used for Waste Dataflow. Contract waste will be deemed to have a BMW of 68%.</i></p> <table border="1"> <thead> <tr> <th></th> <th>Score achieved (%)</th> <th>% BMW in Contract waste landfilled</th> </tr> </thead> <tbody> <tr> <td align="center" colspan="3"><b>If a solution does not fall within the categories of "Outstanding", "Good", "Satisfactory" or "Fair" set out below then it will be eliminated</b></td> </tr> <tr> <td align="center">Fair</td> <td align="center">26 - 49</td> <td align="center">20 - 15% diversion</td> </tr> <tr> <td align="center">Satisfactory</td> <td align="center">50 – 65</td> <td align="center">14 – 10% Diversion</td> </tr> <tr> <td align="center">Good</td> <td align="center">66 – 85</td> <td align="center">9 – 5% Diversion</td> </tr> <tr> <td align="center">Outstanding</td> <td align="center">86 – 100</td> <td align="center">4 – 0% Diversion</td> </tr> </tbody> </table> <p>3.1.1.3 Ability of proposals to provide additional recycling benefits</p> <ul style="list-style-type: none"> <li>Points awarded for materials recovered and recycled upstream of the combustion process.</li> </ul> <p>3.1.1.4 Site, facility design and operation - EFW Facility</p> <ul style="list-style-type: none"> <li>Functional design, engineering and infrastructure issues (including development platform preparation),</li> </ul>		Score achieved (%)	% BMW in Contract waste landfilled	<b>If a solution does not fall within the categories of "Outstanding", "Good", "Satisfactory" or "Fair" set out below then it will be eliminated</b>			Fair	26 - 49	20 - 15% diversion	Satisfactory	50 – 65	14 – 10% Diversion	Good	66 – 85	9 – 5% Diversion	Outstanding	86 – 100	4 – 0% Diversion	<p>MS3:PART 3 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.10, 3.15, 3.16 MS3 MS5:PART 2 2.7, 2.18 MS6:PART 8 MS9</p> <p>MS1 :PART3 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.10, 3.15, 3.16 MS3 MS5 :PART2 2.7, 2.18 MS6:PART 8 MS9</p> <p>MS1:PART 3 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.10, 3.15, 3.16 MS3 MS6:PART 8 8.3</p> <p>MS1:PARTS 2, 3, 6 MS3:PARTS 1 &amp; 2</p>	<p>1.25</p> <p>8.25</p> <p>0.25</p> <p>8</p>
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	<p>compliance with specification, site layout, design standards.</p> <p>3.1.1.5 Site, facility design and operation – Community Area</p> <ul style="list-style-type: none"> <li>Functional design, engineering and infrastructure issues, compliance with specification</li> </ul> <p>3.1.1.6 Site, facility design and operation – Ash Processing Area/Other</p> <ul style="list-style-type: none"> <li>Functional design, engineering and infrastructure issues, compliance with specification</li> </ul> <p>3.1.1.7 Process reliability (Including R1 Recovery)</p> <ul style="list-style-type: none"> <li>Assessment of plant availability/reliability.</li> </ul> <p>3.1.1.8 R1 Recovery</p> <ul style="list-style-type: none"> <li>Confirmation of meeting “R1” recovery threshold (on a sliding scale +/- from reference threshold).</li> </ul> <p><i>This evaluation criteria has a minimum score requirement. The Authority will reject any Tender which fails to meet such minimum score. The scoring to be used for this evaluation is below:</i></p> <p><i>In evaluating R1 achievement</i>  <i>Gross energy production is the total usable energy produced by the facility.</i>  <i>Net energy production is the Gross Energy Production minus all on site use of Electricity or Heat produced or imported electricity, gas, oil or other fuel source.</i></p> <table border="1" data-bbox="272 1373 1057 1919"> <thead> <tr> <th></th> <th>Score achieved (%)</th> <th>Definition</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>If a solution does not fall within the categories of “Outstanding”, “Good”, “Satisfactory” or “Fair” set out below then it will be eliminated</b></td> </tr> <tr> <td>Fair</td> <td>26 - 49</td> <td>Facility will achieve R1 value of 0.65 or greater on the basis of <i>gross</i> electricity produced <b>and</b> heat produced that is used to displace fossil fuels on or off site, but not on the basis of <i>gross</i> electricity production only</td> </tr> <tr> <td>Satisfactory</td> <td>50 – 65</td> <td>Facility will achieve R1 value of 0.65 or greater on the basis of <i>gross</i> electricity production alone with or without guaranteed heat export (excludes on-site heat usage), but not on the basis of <i>net</i> electricity export</td> </tr> <tr> <td>Good</td> <td>66 – 85</td> <td>Facility will achieve R1 value of 0.65 or greater on the basis of <i>net</i> electricity export from the site with or without guaranteed heat export (excludes on-site heat usage)</td> </tr> <tr> <td>Outstanding</td> <td>86 – 100</td> <td>Facility will achieve R1 value of 0.75 or greater on the basis of <i>net</i> electricity export from the site with or without guaranteed heat export (excludes on-site heat usage)</td> </tr> </tbody> </table>		Score achieved (%)	Definition	<b>If a solution does not fall within the categories of “Outstanding”, “Good”, “Satisfactory” or “Fair” set out below then it will be eliminated</b>			Fair	26 - 49	Facility will achieve R1 value of 0.65 or greater on the basis of <i>gross</i> electricity produced <b>and</b> heat produced that is used to displace fossil fuels on or off site, but not on the basis of <i>gross</i> electricity production only	Satisfactory	50 – 65	Facility will achieve R1 value of 0.65 or greater on the basis of <i>gross</i> electricity production alone with or without guaranteed heat export (excludes on-site heat usage), but not on the basis of <i>net</i> electricity export	Good	66 – 85	Facility will achieve R1 value of 0.65 or greater on the basis of <i>net</i> electricity export from the site with or without guaranteed heat export (excludes on-site heat usage)	Outstanding	86 – 100	Facility will achieve R1 value of 0.75 or greater on the basis of <i>net</i> electricity export from the site with or without guaranteed heat export (excludes on-site heat usage)	<p>MS5:PARTS 2 &amp; 6 MS6:PARTS 2, 4, 8, 9, 12 MS9</p> <p>MS1:PART 3 MS4:PART 1 1.4 MS6:PART 8</p> <p>MS1:PART 3 MS3 MS5:PART 2 2.4. 2.14 MS6:PART 8 8.2</p> <p>MS1:PARTS 2 &amp; 3 MS6:PART 8</p> <p>MS1:PARTS 2 &amp; 3 MS6 :PART 8</p>		<p>1</p> <p>1.25</p> <p>2</p> <p>1.5</p>
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	<p><i>For the purpose of this evaluation the following definitions will be used in calculating the R1 performance of the proposed solution</i></p> <p><b>Energy Input</b> = Total energy in fuel added to the process in the form of Waste or Auxiliary Energy.</p> <p><b>Electricity Output</b> = Electrical power production measured at generator terminals</p> <p><b>Heat Output</b> = Thermal energy produced by the site and used as a replacement for other commercial heat generation minus heat return.</p> <p><b>Heat return</b> = Unused Heat Output returned to the facility by the heat distribution system</p> <p><b>Auxiliary Energy</b> = Energy from any fuel other than waste used in the operation of the waste to energy plant, not including vehicle fuel consumed by delivery or site vehicles or power consumption in offices and community area attached to the facility.</p> <p><b>Gross energy</b> = Electricity Output + Heat Output</p> <p><b>Net Energy</b> = Gross Energy - Auxiliary Energy</p> <p>3.1.1.9 Facility adaptability to waste input variations (including calorific value, volume, composition, bulky items, pre-treatment requirements)</p> <ul style="list-style-type: none"> <li>Assessment of facility adaptability against reference data set including examination of firing diagram, pre-treatment equipment.</li> </ul> <p>3.1.1.10 Construction management/staffing (works, Commissioning and Service phases).</p> <ul style="list-style-type: none"> <li>Assessment of appropriateness and deliverability of construction, management/staffing and commissioning proposals.</li> </ul> <p>3.1.1.11 Electrical generation, heat generation and sales</p> <ul style="list-style-type: none"> <li>Robustness of method statement and strategies for electricity generation, heat/steam/hot water generation and proposals for placement in the market. Strategy for securing benefit of ROCs, LEC etc (including evidence that regulators verification criteria can be met). Strategy for securing customer base, charging and metering arrangements. Guarantee output levels.</li> </ul> <p>3.1.1.12 CHP proposals</p> <ul style="list-style-type: none"> <li>Detailed assessment of the robustness of CHP/District Heating potential and proposals for delivery of viable</li> </ul>	<p>MS1:PART 3 MS5:PART 2 MS6:PART 8</p> <p>MS1:PART 3 3.22 MS1:PARTS 5 &amp; 7 MS2 MS5:PART2 2.2 MS5:PART 3 3.2 MS6:PART 5 MS9</p> <p>MS1:PART 3 MS3 MS6:PART 8</p> <p>MS1:PART 3 MS6:PART 8</p>		<p align="center">2</p> <p align="center">1</p> <p align="center">7</p> <p align="center">4</p>
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	<p>CHP solution with time bound programme. Statement of benefits of proposed CHP development. Assessment of development strategy and costs of development. Proposals for funding network development and securing customer base.</p> <p>3.1.1.13 Bottom ash reuse</p> <ul style="list-style-type: none"> <li>Assessment of proposals for reuse of bottom ash, demonstration of deliverability and evidence of market availability. Assessment of percentage sent for landfill disposal against reference case.</li> </ul> <p>3.1.1.14 APC/Residue disposal</p> <ul style="list-style-type: none"> <li>Proposals for disposal of APC and other residues. Assess security and availability of outlet. Additional credit to be given for demonstration/commitment to reuse.</li> </ul>	<p>MS1:PART 3 MS3 MS4:PART 1 1.2 MS6:PART 7 MS6:PART 8 8.2, 8.3</p> <p>MS1:PART 3 MS3 MS4:PART11. 2 MS6:PART 7 MS6:PART 8 8.2, 8.3, 8.7</p>		<p>1.5</p> <p>1</p>
<p><b>3.1.2</b></p>	<p><b>Integration and Interface with the Authority and its waste delivery arrangements</b></p>		<p><b>28</b></p>	
	<p>3.1.2.1 Risk transfer to Authority e.g. need to pre-sort waste, restricted delivery time and frequency</p> <ul style="list-style-type: none"> <li>Test proposals against the list of Contract Waste offered to the contractor. Compare proposals against specification. Degree of vehicle movement constraints at specified time of day. Score on a sliding scale to account for inflexibility of plant/tenderer to accept certain wastes. Degree of reliance on third party waste and robustness of proposals to secure its supply.</li> </ul> <p>3.1.2.2 Waste Acceptance Protocol (WAP), both Contract and Non Contract Waste.</p> <ul style="list-style-type: none"> <li>Examination of mark-up of WAP and flexibility in wastes to be received. Acceptability and suitability of proposals for separation of Contract and Non Contract Waste.</li> </ul> <p>3.1.2.3 Waste reception and weighbridge arrangements, turnaround times, tipping and on site traffic and vehicle management</p> <ul style="list-style-type: none"> <li>Assessment of operability of weighbridge and waste reception operational plans, including prioritisation of Contract Waste deliveries over third party waste deliveries. Ability to meet agreed turnaround time</li> </ul> <p>3.1.2.4 On site traffic matters (from leaving public highway/entering weighbridge). Ability to receive existing vehicle fleet. Adaptability to receive other vehicles after future vehicle fleet upgrade.</p> <ul style="list-style-type: none"> <li>Assessment of ability to receive all vehicles likely to be used for the delivery of Contract Waste.</li> </ul> <p>3.1.2.5 Operational management, facility staffing, partnership</p>	<p>MS3 MS5:PART 2</p> <p>Schedule 31 MS5:PART 2 2.7, 2.11, 2.12, 2.13, 2.15, 2.16, 2.18, 2.19</p> <p>MS1:PART 3 MS5:PART 2 2.2, 2.5, 2.8, 2.9, 2.10, 2.11, 2.12, 2.13, 2.16, 2.18</p> <p>MS1:PART 3</p> <p>MS5:PART 2</p>		<p>4.5</p> <p>6</p> <p>6</p> <p>5</p>

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	<p>working, monitoring and reporting.</p> <ul style="list-style-type: none"> <li>Assessment of adequacy of proposals set out in operational method statements. Acceptability of stakeholder management and communication plans.</li> <li>Assessment of proposals for training and induction of personnel (particularly those not employed by the contractor) delivering waste to or removing output from the facility.</li> </ul> <p>3.1.2.6 Transition from new service and arrangements for Full Service commencement.</p> <ul style="list-style-type: none"> <li>Examination of relevant method statements through robustness of the position set out to allow seamless transition without adversely impacting on the collection authorities.</li> </ul>	<p>2.2 MS5:PART 3 3.2 MS6:PART 5 MS9</p> <p>MS1:PART 2 2.5 MS2:PART 1 1.6 MS9</p>		<p>4.5</p> <p>2</p>
<b>3.1.3</b>	<b>Contingency and availability</b>		<b>12</b>	
	<p>3.1.3.1 Management of routine and lifecycle maintenance, non-availability and contingency.</p> <ul style="list-style-type: none"> <li>Assessment of adequacy of maintenance (routine and life cycle) proposals. Evidence to confirm deliverability of contingency proposals.</li> <li>Verification of the plant's ability to safely shut down in the event of immediate evacuation of all personnel.</li> </ul> <p>3.1.3.2 Acceptability and availability of contingency arrangements (evidence of availability, EA acceptability, environmental impact, previous experience, impact on targets etc.)</p> <ul style="list-style-type: none"> <li>Evidence to demonstrate contingency arrangements are acceptable, available and how contingency may impact on contract targets and performance. Objective assessment of alternatives offered.</li> </ul> <p>3.1.3.3 Management of data capture during periods of weighbridge unavailability. Weighbridge calibration and maintenance. Backup systems and data security.</p> <ul style="list-style-type: none"> <li>Evaluation from relevant method statements, robustness of solution, transparency, audit ability, accuracy, accessibility of information, ability to analyse information and ability of Authority to access databases.</li> </ul>	<p>MS4:PART 1 1.7 MS5:PART 2 2.4, 2.8 MS6:PARTS 2 &amp; 11</p> <p>MS3 MS4:PART 1 1.7 MS6:PARTS 2 &amp; 11</p> <p>MS4:PART 1 1.7 MS5:PART 2 2.13 MS5:PART 4 4.7</p>		<p>6</p> <p>4.8</p> <p>1.2</p>
<b>3.1.4</b>	<b>Performance Framework and data management</b>		<b>20</b>	
	<p>For points 3.1.4.1, 3.1.4.2 and 3.1.4.3 we are assessing against the Performance Framework as issued with Draft Output Specification Issue 3, issued in November 2009 (base case).</p> <p>3.1.4.1 Acceptance of identified items in performance framework.</p> <ul style="list-style-type: none"> <li>Assessment of deviation from acceptance of Performance Standards.</li> </ul> <p>Score evaluated as follows:</p>	<p>MS8 Refer to Performance Framework Mark-up</p>		<p>4</p>

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	Score achieved	Definition
Unacceptable	0	Over 30% of Performance Standards deleted or materially modified
Poor	1-25	21-30% of Performance Standards deleted or materially modified
Fair	26 - 49	6 – 20%% of Performance Standards deleted or materially modified
Satisfactory	50 – 65	0 - 5% of Performance Standards deleted or materially modified
Good	66 – 85	No Performance Standards deleted or materially modified
Outstanding	86 – 100	Additional Performance Standards suggested

**3.1.4.2 Acceptance of performance framework mechanism categories**

- Assessment of deviation from acceptance of Performance Standard Rectification categories and Performance Deduction Standard categories.

Score evaluated as follows:

	Score achieved	Definition
Unacceptable	0	Over 30% of Rectification and Performance Deduction Standards deleted or materially modified
Poor	1-25	21-30% Rectification and Performance Deduction Standards deleted or materially modified
Fair	26 - 49	6 – 20%% Rectification and Performance Deduction Standards deleted or materially modified
Satisfactory	50 – 65	0 - 5% Rectification and Performance Deduction Standards deleted or materially modified
Good	66 – 85	No Performance Standards deleted or materially modified
Outstanding	86 – 100	Additional and/or Rectification and Performance Deduction Standards suggested

**3.1.4.3 Acceptability of performance framework notice/termination thresholds**

- Test Performance Framework for variance against base case Performance Framework Model calibration.

Score evaluated as follows:

	Score achieved	Definition
Unacceptable	0	Over 30% variance below base case
Poor	1-25	21-30% variance below base case
Fair	26 - 49	6 – 20%% variance below base case
Satisfactory	50 – 65	0 - 5% variance above or below base case
Good	66 – 85	6-10% variance above base case
Outstanding	86 – 100	> 10%% variance above base case

MS8  
Refer to  
Performance  
Framework  
Mark-up

4

MS8  
Refer to  
Performance  
Framework  
Mark-up

4



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	<ul style="list-style-type: none"> <li>• <b>Community Benefits</b> - including information about what community benefits are proposed and why and how do they meet or comply with the relevant planning policies.</li> </ul> <p>3.2.1.2 Site Location and Layout</p> <ul style="list-style-type: none"> <li>• <b>Site selection</b> - including the provision of a sequential approach for the selection of this site and this technology for the facility.</li> <li>• <b>Design, architecture and layout</b> - including how the solution has addressed the context of the site, the architecture and layout has taken on board the context, community views, statutory consultees' views and the South West Design Review panel views and how the solution meets relevant planning policies.</li> <li>• <b>Transport and access</b> - including what routes into and within the site are proposed, how any impacts are to be mitigated in the final solution and how this meets relevant planning policies.</li> </ul> <p>3.2.1.3 Sustainability</p> <ul style="list-style-type: none"> <li>• <b>Sustainable development and resource use</b> - including how the solution deals with resource use and sustainable development, climate change issues and meets the relevant planning policies on such issues.</li> </ul> <p>3.2.1.4 Environmental</p> <ul style="list-style-type: none"> <li>• <b>Environmental impacts, which could include flooding issues, ecology, hydrology, air quality, health etc</b> - including the provision of a sequential approach on flood risk and information on any discussions held or position reached with statutory consultees on the environmental issues.</li> <li>• <b>Impact on designated protected sites, species and heritage assets</b> - including the provision of an appropriate assessment for the implications on a Special Area of Conservation (The Conservation of Habitats and Species Regulations 2010, part 6 paras .61-63), and any likely impacts on historic or cultural or biodiversity assets on the relevant site.</li> </ul>	<p>MS1:PARTS 2.3, 2.4.1, 2.4.2, 2.6, 2.9, 3.1, 3.2, 3.3, 3.13, 3.16, 4.3 MS4: PARTS 1.2, 1.3, 1.5, 1.6, 1.7 MS6: PART 7</p> <p>MS1:PARTS 2.2, 2.3, 2.4.1, 2.4.2, 2.9, 3.2, 3.3, 3.13, 3.16, 3.17, MS4: PARTS 1.2, 1.3, 1.6,</p> <p>MS1:PARTS 2.3, 2.4.1, 2.4.2, 2.5, 2.7a, 2.7b, 2.9, 3.13, 3.17, 4.1, 4.3 MS4: PARTS 1.2, 1.3,</p>		<p align="center">17</p> <p align="center">17</p> <p align="center">17</p>
<p><b>3.2.2</b></p>	<p><b>Planning and Permitting Programmes</b></p>		<p align="center"><b>12</b></p>	
	<p>3.2.2.1 Assessment of the planning and permitting programmes to judge completeness, coordination and realism and how programme proposals have tested and addressed various potential planning and permitting scenarios, such as planning/permit failure, call in, appeal against refusal.</p> <p>3.2.2.2 An assessment as to where Tenderers are on their programme and how well the issues outlined in 3.2.2.1 above together with any unresolved planning/permitting issues and actions can be accommodated within this programme.</p>	<p>MS1:PARTS 2.3, 2.4.1, 2.4.2, 2.5, 6.1 MS4: PART 1.3 MS9:PART 1</p> <p>MS1:PARTS 2.3, 2.4.1, 2.4.2, 2.5, 6.1 MS4: PART 1.3 MS9:PART 1</p>		<p align="center">8</p> <p align="center">4</p>

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<b>3.2.3</b>	<b>Revised Project Plan</b>		<b>3</b>	
	3.2.3.1 Assesses the robustness of the Revised Project Plan methodology prepared in accordance with Schedule 26 – Planning and Schedule 27 – Permitting	Schedule 26 & 27 of the Contract Schedules		3
<b>3.2.4</b>	<b>Planning and Permitting Contractual Position</b>		<b>19</b>	
	3.2.4.1 Assesses the contractual positions proposed within the Contract and Contract Schedules including <ul style="list-style-type: none"> <li>• The definition of Satisfactory Planning Permission and Satisfactory Environmental Permit</li> <li>• Acceptance of Planning and Permitting appeal process</li> <li>• Acceptance of Planning and Permitting risks in relation to delay</li> <li>• Level of termination payment for failure to achieve Planning Permission and an Environmental Permit.</li> <li>• Risk of all necessary permit transfer/split</li> </ul>	Contract and Contract Schedules 26 & 27		19

Criteria	Method Statement	Weighting out of 100	
		Max Score	
		CFT	
		Level 2	Level 3
<b>3.3 Environmental Assessment Level 1 = 10%</b>			
<b>3.3.1</b>	<b>WRATE analysis and Carbon Management Plan</b>	<b>20</b>	
	3.3.1.1 WRATE analysis <ul style="list-style-type: none"> <li>• WRATE will be evaluated on the basis that the worst performing option for each WRATE default indicator (including the do-nothing and Reference Case models) will score zero and the best performing tender solution will score 100, with the others evaluated on a proportionate basis depending on the performance offered. The performance will be evaluated across each of six default WRATE indicators, a weighting will be applied to each indicator (using the weightings applied at the OBC stage) and a total score calculated.</li> <li>• Appropriate use of User Defined Processes.</li> <li>• Auditable &amp; reliable data to justify amendments.</li> </ul>	MS4:PART 1.6	15
	3.3.1.2 Carbon Management Plan <ul style="list-style-type: none"> <li>• Assessment of the different carbon sources and sinks within the solution and their relative impacts.</li> <li>• Assessment of robustness of the appropriate monitoring measures.</li> <li>• Assessment of the identified potential measures to reduce the overall Carbon Footprint of the solution.</li> </ul>	MS4:PART 1.2	5

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<b>3.3.2</b>	<b>BREEAM rating</b>	MS1: PART 2 2.2 MS1:PART 3.13	<b>10</b>	
	<p>3.3.2.1 Review of commitment to achieving a BREEAM rating of excellent or above has been incorporated in the design of the solution.</p> <p>3.3.2.2 Assessment of the BREEAM pre assessment report demonstrating the predicted BREEAM result and identifying major opportunities and constraints for achieving a BREEAM rating of excellent or above.</p> <p>3.3.2.3 Appointment of a suitably qualified BREEAM assessor.</p>			<p align="center">1</p> <p align="center">8</p> <p align="center">1</p>
<b>3.3.3</b>	<b>Environmental Management System and Quality Management System</b>	MS1: PART 5 5.6 & 5.7 MS6:PART 3	<b>5</b>	
	<p>3.3.3.1 Demonstration of well planned, monitored and reviewed systems with suitably qualified persons identified within the management structure.</p> <p>3.3.3.2 Demonstration that sub-contractors and suppliers engaged on the delivery of the Works, Commissioning and Services are required to operate a QMS/EMS and the appropriateness of the standards required of the sub contractors and suppliers.</p>			<p align="center">4</p> <p align="center">1</p>
<b>3.3.4</b>	<b>Securing and ongoing compliance with Environmental Permit(s), environmental monitoring and reporting and communications</b>		<b>50</b>	
	<p>3.3.4.1 Proposals for securing necessary permits including reference to programme.</p> <ul style="list-style-type: none"> <li>• Assessment of deliverability of method statements associated with securing necessary permits applicable to the solution.</li> <li>• Examination of technical aspects of necessary permits, for example application of BAT.</li> </ul> <p>3.3.4.2 Proposals for environmental monitoring of facility performance against permit requirements</p> <ul style="list-style-type: none"> <li>• Assessment of adequacy of proposals set out in operational method statements against likely permit requirements.</li> </ul> <p>3.3.4.3 Public information provision</p> <ul style="list-style-type: none"> <li>• Public availability of facility operational data e.g. hard publications, delayed online reporting, instant online reporting etc.</li> </ul>	<p>MS1:PART 2 2.5.1 MS1: PART 3 3.2, 3.3 &amp; 3.13</p> <p>MS1:PART 2 2.5.1 MS4:PART 1 1.4 &amp; 1.5 MS 1:PART 5 5.8 MS5: PART 2 2.19 MS5:PARTS 4 &amp; 5 MS6:PART 6.4</p> <p>MS1:PART 2 2.5.1 MS4:PART 1 1.4 &amp; 1.5 MS 1: PART 5 5.8 MS5: PART 2 2.19 MS5:PART 4 &amp; 5</p>		<p align="center">35</p> <p align="center">5</p> <p align="center">5</p>

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	3.3.4.4 Liaison and interface with the Public / neighbours / stakeholders <ul style="list-style-type: none"> <li>Robustness and of the suitability of community and stakeholder management proposals. Review of Community liaison plan.</li> </ul>	MS6:PART 6.4 MS1: PART 2 2.4 MS1: PART 5 5.8 MS5: PART 2 2.6 & 2.19 MS6:PART 6 MS7:PART 10 MS9		5
<b>3.3.5</b>	<b>Transfer of Permits</b>			<b>5</b>
	3.3.5.1 Proposals for transferring necessary permits, including programme, either upon early termination or expiry. <ul style="list-style-type: none"> <li>Assessment of suitability and deliverability of proposals for transferring necessary permits applicable to the solution to the Authority or other 3<sup>rd</sup> party.</li> </ul>	MS1:PART 2 2.5.2		5
<b>3.3.6</b>	<b>Works Phase Environmental Impact Control</b>			<b>5</b>
	3.3.6.1 Tenderers will be evaluated on the information provided which details how the contractor proposes to minimise environmental impact and nuisance during the works and commissioning phases.	MS1:PART 3 3.17		5
<b>3.3.7</b>	<b>Service Phase Environmental Impact Control</b>			<b>5</b>
	3.3.7.1 Tenderers will be evaluated on the information provided which details how the contractor proposes to minimise environmental impact and nuisance and during service phases of the facility.  Positive wider sustainability benefits should also be detailed in this section.	MS4:PART 1 1.2		5

Criteria	Method Statement	Weighting out of 100	
		Max Score	
		CFT	
		Level 2	Level 3
<b>3.4 Deliverability Assessment Level 1 = 5%</b>			
<b>3.4.1 Land Ownership and Rights</b>		<b>70</b>	
3.4.1.1 Assesses the ownership/rights over all land required to deliver the overall solution including both on site and offsite (if necessary) and the proprietary interest proposed to be given to the Authority (on terms satisfactory to it) on early termination and/or expiry so that the Authority can continue to operate the Facility or elect a new contractor to operate the Facility or replace the Facility for a further sustained period.  <i>This evaluation criteria has a minimum score requirement. The Authority will reject any Tender which fails to meet such minimum score. The scoring to be used for this evaluation is in the table below:</i>	MS1:PART 2 2.3 MS1:PART 3 3.2		70

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<b>3.4.2</b>	<b>Overall Project Programme</b>		<b>30</b>	
	3.4.2.1 Assesses the overall robustness and coherence of the project programme and judges the logical integration of the sub programmes.	MS1:PART 2 2.3, 2.4 MS1:PART 6 MS9:PART 1 1.1 to 1.5		30

**Evaluation of 3.4.1**

<b>Judgement</b>	<b>Definition</b>
<p>Outstanding</p> <p>Score 86 - 100</p>	<ul style="list-style-type: none"> <li>• Full, legally binding, ownership either freehold or leasehold (for a term of at least 75 years from the date of the PFI contract on terms which are fundable) and there are no material encumbrances, rights or issues affecting the land which, in the Authority's opinion, will prevent it from being used to deliver the proposed solution.</li> <li>• The existence of an Option Agreement (with Lease annexed) on terms acceptable to the Authority whereby the Authority can continue to use the Facility, or develop a new one on the Site on early termination or expiry of the Contract and there are no material encumbrances, rights or issues affecting the land which would have a deleterious affect on this ability. The terms of that Lease must also be fundable and the Option Agreement will facilitate usage of the Site by the Authority for a term of 75 years (including the term of the Contract).</li> </ul> <p><i>Note: The assessment will consider any encumbrances, rights or issues identified to determine whether this modifies the judgement score including fundability.</i></p>
<p>Good</p> <p>Score 66 - 85</p>	<ul style="list-style-type: none"> <li>• Signed legally binding option or contract to purchase (either freehold or leasehold for a term equal at least to that of the PFI contract and on terms which are fundable) with no material encumbrances, rights or issues affecting the land which, in the Authority's opinion, will prevent it from being used to deliver the proposed solution.</li> <li>• The existence of an Option Agreement (with Lease annexed) on terms acceptable to the Authority whereby the Authority can continue to use the Facility, or develop a new one on the Site on early termination or expiry of the Contract and there are no material encumbrances, rights or issues affecting the land which would have a deleterious effect on this ability. The terms of that lease must also be fundable and the Option Agreement will facilitate usage of the Site by the Authority for a term equal at least to that of the PFI Contract.</li> </ul> <p><i>Note: The assessment will consider any encumbrances, rights or issues identified to determine whether this modifies the judgement score including fundability.</i></p>
<p>Satisfactory</p> <p>Score 50 - 65</p>	<ul style="list-style-type: none"> <li>• Full, legally binding, ownership, signed legally binding option or contract to purchase (in all cases either freehold or leasehold for a term equal at least to that of the PFI contract and on terms which are fundable) with some encumbrances, rights or issues affecting the land which will, in the Authority's opinion present additional risk in delivering the proposed solution although not prevent its delivery.</li> <li>• The existence of an Option Agreement (with lease annexed) or other arrangements on terms acceptable to the Authority whereby the Authority can continue to use the Facility, or develop a new one on the Site on early termination or expiry of the Contract and there are no material encumbrances, rights or issues affecting the land which would have a deleterious effect on this ability. The terms of that Lease must also be</li> </ul>

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<b>Judgement</b>	<b>Definition</b>
	<p>fundable and the arrangement will facilitate usage of the Site by the Authority for a term of equal at least to that of the PFI Contract.</p> <p><i>Note: The assessment will also consider any encumbrances, rights or issues identified together with proposals for resolution or mitigation to determine whether this modifies the judgement score including fundability.</i></p>
<p style="text-align: center;"><b>If a solution does not fall within the categories of “Outstanding”, “Good” or “Satisfactory” set out above then it will be eliminated.</b></p>	

### **3.5 FINANCIAL AND COMMERCIAL ASSESSMENT LEVEL 1 = 18%**

#### **3.5.1 Level 1 Key Criteria**

This section of the evaluation methodology sets out the various weightings that will be applied to the financial and commercial criteria.

The criteria will be scored in accordance with the scoring table in Section 2.6 above.

#### **3.5.2 Level 2 Sub-criteria**

The Level 1 Key Criteria above is developed further into a number of Sub-criteria (Level 2). Each Sub-Criterion is weighted in order to derive its relative importance and scored using the scoring system discussed in Section 2.6 above.

These Sub-Criteria weightings are set out in Table 1.

Table 1 Level 2 Sub-Criteria

	<b>Sub-criteria</b>	<b>Weighting</b>
B1	Deliverability of the funding package Financial Robustness of the tender Funder due diligence requirements and time table	70%
B2	Corporate Structure and Security	30%

#### **3.5.3 Level 3 Sub-criteria Tests and Evaluation Tests**

The determination of each of the financial and commercial sub-criteria will entail careful consideration of a number of factors, including those outlined below:

Table 2 Level 3 Sub-Criteria Weightings

<b>Key Criteria</b>	<b>Sub-criteria of Key Criteria B</b>	<b>Sub-criteria Tests</b>		<b>Weighting</b>
FINANCIAL & COMMERCIAL  18%	B1: Deliverability of the funding package; Financial Robustness of the tender; and Funder due diligence requirements and time table  70%	B1.1	Credibility of the financial assumptions used	10%
		B1.2	Completeness, quality, and integrity of financial information provided	5%
		B1.3	Acceptable Level of Model Optimisation	10%
			<ul style="list-style-type: none"> <li>● Cash throughout the Contract Period</li> <li>● Level of distributable reserves throughout the Contract Period</li> <li>● Reasonableness of Rates and margins</li> <li>● Reasonableness of Interest cover ratios</li> <li>● Reasonableness of Debt service ratios</li> <li>● Suitability of Debt/equity split for proposed funding solution</li> <li>● Value for money for the additional five years;</li> </ul>	
		B1.4	Acceptability of terms and conditions of financing and degree of conditionality attached;	15%
B1.5	Acceptability of terms and conditions relating to any guarantees and other security required to realise financing (including liability caps);	15%		

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Key Criteria	Sub-criteria of Key Criteria B	Sub-criteria Tests	Weighting	
		B1.6	Acceptability of Level of third-party income assumed; <ul style="list-style-type: none"> <li>Guaranteed output and income levels of electricity generation, heat/steam/hot water generation. Benefits of ROC's, LEC's etc.,</li> <li>Benefits of CHP/district heating development and costs of development proposals for funding network development.</li> </ul>	15%
		B1.7	Reasonableness of Project/Equity IRR;	5%
		B1.8	Suitability of Previous funding history of the technology solution proposed by the Tenderer;	5%
		B1.9	Quality of letters of support from funders and financial advisors as requested in the CFT.	5%
		B1.10	Extent to which Tenderers have demonstrated the support of the funder(s), including the requirements of the funder within the Contract and direct agreement	5%
		B1.11	Comprehensive indicative timetable to Financial Close including finalising of funding packages	5%
		B1.12	Tenderers have confirmed the following in their CFT response to Due Diligence: <ul style="list-style-type: none"> <li>i) Tenderers and their respective funders have carried out legal, technical and financial due diligence prior to CFT submission, and the scope of that due diligence has been provided</li> <li>ii) Preliminary Credit Committee approval has been received (if applicable)</li> <li>iii) Tenderers have provided details of the cost of due diligence undertaken and the indicative cost of due diligence that remains to be undertaken at later stages.</li> </ul>	5%
	<b>Sub-total</b>			<b>100%</b>
	B2: Corporate Structure and Security  30%	B2.1	SPV/consortium structure, its acceptability and robustness and the proposed roles of each consortium member and key subcontractors in the project	20%
		B2.2	SPV/consortium structure guarantees to be in place to support this structure, including but not limited to an examination of the value of any liquidated damages, direct Parent Company Guarantees and performance guarantees, the value of equity at risk, the conditions attached to such guarantees and the credit quality of the entity(ies) providing the guarantees)	40%
		B2.3	Details of key off-take contracts and acceptability within the SPV contractual structure	20%
		B2.4	Extent to which Tenderers have demonstrated support of all members of the Tenderer's proposed consortium, including any amendments required to the draft contract, and taking into account the Tenderer's approach to caps on liabilities	20%
<b>Sub-total</b>			<b>100%</b>	

### **3.6 Legal and Contractual Assessment Level 1 = 15%**

#### **3.6.1 CFT Legal & Contractual Evaluation Award Criteria**

In accordance with the requirements of the CFT, the Authority will carry out an assessment and evaluation of the amendments proposed by Tenderers to the Contract and Contract Schedules (for the avoidance of doubt the Contract Schedules include the Payment Mechanism, Performance Framework and the Output Specification) in accordance with this Section 3.6.1.

Evaluation of all amendments proposed in a Tender to the Contract and Contract Schedules shall be based on a number of factors:

- a) the degree of acceptance of the terms of the Contract and Contract Schedules in general; and
- b) whether the allocation of risk in respect of the Project is beneficial or detrimental to the Authority.

#### **3.6.2 Level 2 Sub-Criteria**

Table 1 Level 2 Sub-Criteria

<b>Sub-criteria</b>	<b>Weighting</b>
Legal evaluation	12%
Risk position	3%

The Legal evaluation criteria, which is worth 12% of the 15% available within this section, will be scored according to the scoring methodology as set out in Section 3.6.3. The Risk position criteria, which is worth 3% of the 15% available within this section will be scored according to the scoring methodology as set out in Section 2.6 above.

The legal evaluation categories below, representing 12% of the total of 15%, have been selected based on the experience of the Authority and the Authority’s Legal Adviser (the “**Legal Evaluation Team**”) of which issues are of importance to the Authority and tend to be the subject of amendments in procurements of this nature.

Table 2 Legal Evaluation sub-criteria

	<b>Headline Risk</b>	<b>Non exclusive factors / approaches included in consideration of scoring the Headline risk</b>	<b>Score for Headline</b>	<b>Weighting multiplier</b>	<b>Approximate percentage available (to two decimal places)</b>
1.	Contract Period and residual life / handback of assets at contract expiry or early termination.	<ul style="list-style-type: none"> <li>• Attitude to Authority option in relation to extension of the Contract Period</li> <li>• Provisions for Handback (excluding Environmental issues) if option for Option Lease is exercised</li> <li>• Condition of the Facility on Handback if option for Option Lease is exercised</li> <li>• Other</li> </ul>	0-10	3	3.37%
2.	Termination and	<ul style="list-style-type: none"> <li>• Termination for Authority</li> </ul>	0-10	5	5.62%

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	Headline Risk	Non exclusive factors / approaches included in consideration of scoring the Headline risk	Score for Headline	Weighting multiplier	Approximate percentage available (to two decimal places)
	consequences of early termination.	<ul style="list-style-type: none"> <li>Default</li> <li>Termination due to Persistent Breach</li> <li>Termination due to Contractor Default</li> <li>Cooperation with Authority on termination</li> <li>Termination due to Force Majeure</li> <li>Termination due to Corrupt Gifts</li> <li>Voluntary termination</li> </ul>			
3.	Compensation on Termination	<ul style="list-style-type: none"> <li>Calculation of Termination Amount including, where relevant, the Authority's right to exercise its option to take an Option Lease or equivalent</li> <li>When Termination Amount payable</li> <li>Changes in methodology</li> <li>Other</li> </ul>	0-10	6	6.74%
4.	Changes including contract / specification variations	<ul style="list-style-type: none"> <li>Definition of "Low", "Medium" and "High" Value Change</li> <li>Implementation of Changes</li> <li>Other</li> </ul>	0-10	3	3.37%
5.	Change in control	<ul style="list-style-type: none"> <li>Change in Ownership</li> <li>Assignment and subcontracting</li> <li>Other</li> </ul>	0-10	3	3.37%
6.	Change in Law	<ul style="list-style-type: none"> <li>Waste Law List</li> <li>Qualifying Change in Law</li> <li>General Change in Law</li> <li>Specific Change in Law</li> <li>Other</li> </ul>	0-10	6	6.74%
7.	Insurance	<ul style="list-style-type: none"> <li>Change in the cost of Insurance.</li> <li>Sufficiency of cover.</li> <li>Uninsurable.</li> <li>Required Insurances</li> <li>Increase in premiums – cost adjustment mechanism</li> <li>Reinstatement</li> <li>Other</li> </ul>	0-10	3	3.37%
8.	Intellectual Property	<ul style="list-style-type: none"> <li>Intellectual Property and use by the Authority</li> </ul>	0-10	1	1.12%
9.	Employment and	<ul style="list-style-type: none"> <li>Amendments to TUPE</li> </ul>	0-10	2	2.24%

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	<b>Headline Risk</b>	<b>Non exclusive factors / approaches included in consideration of scoring the Headline risk</b>	<b>Score for Headline</b>	<b>Weighting multiplier</b>	<b>Approximate percentage available (to two decimal places)</b>
	Equality	drafting as compared to the Authority's position			
10.	Pensions	<ul style="list-style-type: none"> <li>Amendments to TUPE drafting as compared to the Authority's position</li> </ul>	0-10	2	2.24%
11.	Title and Lease	<ul style="list-style-type: none"> <li>Reversion on early termination or expiration of Contract</li> <li>Title Risk – risks in relation to title</li> <li>Other</li> </ul>	0-10	5	5.62%
12.	Environmental and ground risk issues	<ul style="list-style-type: none"> <li>Site Conditions are the sole responsibility of the Contractor</li> <li>Risk allocation in respect of Environment</li> <li>Ground contamination risk</li> <li>Responsibility for clean up of contamination during the service period</li> <li>Responsibility for clean up of contamination in preparation for Handback.</li> <li>Standard in which the Site should be "handed back".</li> <li>Other</li> </ul>	0-10	6	6.74%
13.	Acceptance, ownership and priority of waste	<ul style="list-style-type: none"> <li>Acceptance of all Contract Waste</li> <li>Priority of Authority Waste</li> <li>Substitute Plan and Price for Substitute Waste</li> <li>Inclusion of requirement from Contractor re Exclusivity or GMP</li> </ul>	0-10	5	5.62%
14.	Unitary Charge/TPI	<ul style="list-style-type: none"> <li>Share in increase in TPI</li> <li>Protection from decrease in TPI</li> <li>Security/stability in relation to TPI</li> <li>Amendments to TPI drafting as compared to the Authority's position</li> <li>Payment of Unitary Charge</li> </ul>	0-10	5	5.62%

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	<b>Headline Risk</b>	<b>Non exclusive factors / approaches included in consideration of scoring the Headline risk</b>	<b>Score for Headline</b>	<b>Weighting multiplier</b>	<b>Approximate percentage available (to two decimal places)</b>
15.	Compensation Events, Relief Events, Excusing Causes and Protester Action	<ul style="list-style-type: none"> <li>• Types of Relief Event, Compensation Events and Excusing Causes.</li> <li>• Remedies for Relief Event, Compensation Events and Excusing Causes</li> <li>• Other</li> </ul>	0-10	6	6.74%
16.	Works	<ul style="list-style-type: none"> <li>• Obligation to carry out the works in accordance with the Contract</li> <li>• Design Development</li> <li>• Opening up by the Authority</li> <li>• Other</li> </ul>	0-10	3	3.37%
17.	Performance and Contract monitoring	<ul style="list-style-type: none"> <li>• Step – in by the Authority</li> <li>• Compliance with Output Specification</li> <li>• Standard of maintenance</li> <li>• Other</li> </ul>	0-10	3	3.37%
18.	Subcontracting	<ul style="list-style-type: none"> <li>• Pass through of risk in sub contracts</li> <li>• Sub contractors as Contractor related parties</li> <li>• Transfer of sub-contract arrangements upon permit transfer</li> <li>• Other</li> </ul>	0-10	3	3.37%
19.	Completion commissioning and testing	<ul style="list-style-type: none"> <li>• Obligation to meet Readiness Date by the Planned Readiness Date.</li> <li>• Obligation to meet Commencement Date by the Planned Commencement Date</li> <li>• Application of Liquidated Damages</li> <li>• Testing and testing process</li> </ul>	0-10	5	5.62%
20.	Warranties, undertakings and indemnities	<ul style="list-style-type: none"> <li>• Authority warranties limited</li> <li>• Authority liability through indemnities increases</li> <li>• Contractor liability through indemnity reduces including caps</li> <li>• Sole remedy</li> <li>• Other</li> </ul>	0-10	8	8.96%

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	Headline Risk	Non exclusive factors / approaches included in consideration of scoring the Headline risk	Score for Headline	Weighting multiplier	Approximate percentage available (to two decimal places)
21.	Funder, Agreement Guarantees / Direct	<u>Parent Company Guarantee</u> <ul style="list-style-type: none"> <li>• Credit of Guarantor/Net asset test</li> <li>• Term and scope of guarantee</li> <li>• Limits on Liability</li> </ul>	0-10	3	3.37%
22.	Other amendments to the Contract which do not fall into the above criteria		0-10	3	3.37%

The contractual and risk position categories below are intended to consider the Tenderer's attitude to risk as reflected within their mark-up of both the Contract and Contract Schedules, (for the avoidance of doubt this includes the Payment Mechanism) in respect of financing.

Table 3 Contractual and Risk Position sub-criteria evaluation weightings (3% of a total of 15%)

Key Criteria	Sub-criteria of Key Criteria B	Sub-criteria Tests	Weighting
Legal and Contractual 15%	Risk Position 3%	Acceptability of Payment Mechanism	100%
	<b>Sub-total</b>		<b>100%</b>

Evaluation will also consider acceptability of related documents such as:

- Sub-contracts and Offtake Contracts
- Direct Agreements

The Legal Evaluation Team will analyse the amendments requested by a Tenderer for each Tender and allocate those amendments into the relevant category (or categories).

Amendments will be evaluated and allocated a score by reference to the degree to which such provisions conform to the provisions of the Contract and the risk allocation reflected therein. The Legal Evaluation Team will apply a lower score to those Tenderers which include amendments which vary the position of the parties as set out in the Contract and either increases the risk to the Authority or decrease the risk to the Tenderer.

If you make a non specific comment which does not clearly set out any amendments or comments that you may have, we will assume that you intend to pass the risk back to the Authority and will be scored accordingly.

### **3.6.3 Scoring methodology for Legal evaluation sub-criteria**

Each category shall be marked out of a raw score of 10. Raw scores will be allocated by reference to the degree that the Contract, as amended by the Tenderer, conforms with the Contract issued with the CFT. The Legal Evaluation Team will assess the responses and then

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also compare the responses in respect of one Tender against other Tenders in reaching that category score.

The degree of compliance with and extent of derogations from SoPC4 will be an important issue in securing PFI credits; therefore, there must be complete conformity with SoPC4 and only genuinely required project specific amendments will be considered. Such project specific amendments that reallocate risk from Tenderer to the Authority will be marked down. Non project specific amendments to SoPC4 will not be permitted and a Tenderer which seeks substantive amendments to SoPC4 may result in rejection of its Tender.

The more the amendments vary the Authority's position as set out in the Contract, in relation to the principles set out above, the lower the raw score that the Tender will be allocated by reference to the following table:

Table 4 Scoring methodology for Legal evaluation

<b>Score</b>	<b>Meaning</b>
8.6-10	Amendments giving rise to added value for the Authority
6.6-8.5	No Amendments
5.0-6.5	Amendments Not Significant
2.6-4.9	Amendments of Low Significance to Significant
1-2.5	Amendments Significant
0	Amendments Highly Significant
The Authority reserves the right to reject (but without obligation to do so) a Tender which receives a score between 0 - 2.5 for any of the criterion in Table 2 Legal evaluation sub-criteria.	

The Standard Scoring System is set such that a robust and good quality Tender would gain a score of 6.5. This would be awarded for a Tender which shows that the Solution demonstrated satisfactory performance against the relevant criterion in accordance with the Authority's Requirements and offered a sound commercial position. A response/proposal of higher quality with significant added value may be awarded an appropriately higher score up to the maximum of 10. Where a response is lacking, for example where it falls short of meeting the Authority's requirements, is lacking in appropriate detail, only partially complete or inadequately justified, this will be reflected in a score of less than 4.9, with scores of 2.5 and below reflecting more serious concerns on behalf of the Project Team.

### **3.6.4 Calculation**

For each Tender, after the raw scores have been allocated for each category, the raw score will be multiplied by the weighting for that category. The result of that multiplication shall be the weighted score. The Legal Evaluation Team shall add the weighted scores for each Headline Risk and the result shall be the total weighted score. When all the amendments to the Contract in each Tender have been evaluated and the total weighted score determined for each Tender, the weighted scores for each Tender will be compared with the maximum weighted raw score available (which is 890), and will be converted to a score out of 100, based on the following formula:

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Legal evaluation score out of 100

$$= \frac{\text{total weighted raw score awarded to the Tender} \times 100}{890}$$

The score out of 100 will be determined on the basis of no more than two decimal places; the score will be rounded to two decimal places.

The percentage score awarded to each Tender for the Legal evaluation will then be calculated to achieve a final score for the Legal evaluation in accordance with Section 3.6.1 of the CFT evaluation procedure.

$$\text{Total score for the Legal evaluation out of 12} = \frac{\text{Score out of 100} \times 12}{100}$$

Once a total score for the Legal evaluation criteria has been reached, it will be added to the total score for the Risk position criteria and a Total score for the Legal & Contractual Assessment will be determined.

The result will then be added to the scores awarded for the financial evaluation, the technical evaluation etc, to give the quality score. Only compliant Tenders will be scored.

## **4. Evaluation of Economic Cost and Affordability**

The Economic Cost of the Tender and Affordability of the Cost of the Service are evaluated separately and scored as set out below. The scores are then weighted before being added together and applied as an adjustment to the quality score, thus providing an overall score for each Tender.

The adjustment to the quality score will be as follows to arrive at an Overall Score:

$$\text{Overall Score} = \text{Quality score} + ((\text{Economic Cost Score} * 70\%) + (\text{Affordability Score} * 30\%))$$

Details of the methodology for evaluating Economic Cost and Affordability can be found below. Weightings for each of these elements are as follows:

Table 1 Weightings for the Economic cost of the Tender and Affordability of the Cost of the Service

<b>CFT Element</b>	<b>Weighting</b>
Economic Cost of the Tender	70%
Affordability of the Cost of the Service	30%

The scoring framework to be used to derive scores for the Economic Cost of the Tender and Affordability of the Cost of the Service is set out in Appendix A.

The Tenderer's financial models must be based upon the Contract Waste Tonnages issued in November 2009 which will be the Base Case Waste Flow Profile. The Tenderer's pricing for each banding of waste will depend upon a number of criteria, such as:

- the minimum tonnage guarantee provided by the Authority;
- the Tenderer's commercial view of Non Contract Waste;
- other third party revenues; and
- the requirements of external funders to the project (if project financed).

Both the Economic Cost and Affordability tests and assessments will be based upon the relevant prices provided by Tenderers and will use the following Waste Flow Profiles and the weightings for each waste flow profile as set out in Table 2. For the avoidance of doubt, Tenderers are not required to submit separate models for each scenario only for the Base Case Waste Flow Profile.

Table 2 Contract Waste Tonnages and proposes weightings

<b>Waste Flow Profiles</b>	<b>Weighting</b>
Base Case Waste Flow Profile	30%
High Waste Flow Profile (10% above base case growth scenario)	30%
Low Waste Flow Profile (15% below base case growth scenario)	40%

The Authority has no expectation that one particular Waste Flow Profile is more likely than another, and ordinarily would assign an equal weighting to each of these weightings. However, in order to reflect the proportionately greater risk that the Authority would be faced with under a low waste flow profile, a greater weighting has been allocated to this scenario.

The calculation of the Economic Cost and Affordability score for each Tenderer is then derived using the following formula:

$$(\text{Base Case Score} * 30\%) + (\text{High Waste Score} * 30\%) + (\text{Low Waste Score} * 40\%)$$

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### **4.1 Economic Cost**

- 4.1.1 The scoring methodology to be adopted in the evaluation of Economic cost at CFT stage is to derive a mean of the net present cost of each of the Tenders and the Reference Case for each of the Waste Flow Profiles set out in Table 2.
- 4.1.2 The Economic Cost will assess the net present cost of each Final Tender starting from the earliest Planned Commissioning Date of both Tenderer's submissions (nb the "Planned Commissioning Date" means the date following the issuance of the Readiness Test Certificate when Commissioning Waste is first received at the Facility. For the avoidance of doubt, Contract Waste that is not processed as Commissioning Waste in this period will be assumed to have been landfilled at the prevailing landfill rates
- 4.1.3 Assuming that the mean cost would score 0 points, the scoring framework which is set out at Appendix A indicates the range of scores which could apply as an adjustment to the quality score.
- 4.1.4 The economic cost to the Authority of each Tender will be calculated using the mechanism set out below:
- 4.1.4.1 The Net Present Cost ("NPC") of the unitary charge of each Tender over the life of the Contract, based on the instructions issued to Tenderers in the Call for Final Tender documentation and using a nominal discount rate of 6.09% (calculated using the Treasury real discount rate of 3.5% and an assumed RPIx rate of 2.5%).
  - 4.1.4.2 The NPC of the unitary charge will be adjusted as appropriate to take account of the elements described in 4.1.4.3 to 4.1.4.5, and any such adjustments will be calculated in NPC terms for consistency of approach.
  - 4.1.4.3 Any additional costs retained by the Authority as a result of adopting a particular solution being proposed will be taken into consideration of this evaluation. Such additional costs, estimated by the evaluation team could include, but not limited to:
    - a) Transfer station costs;
    - b) Transport costs for delivery from collection points;
    - c) Any additional costs and savings in the collection system resulting from the proposed solution;
    - d) Exposure to additional landfill gate fee and tax costs resulting from the proposed solution. This will estimate a gate fee for landfill over the appraisal period and make a consistent assumption around the rate of landfill tax; and
    - e) Exposure to the Landfill Allowance Trading Scheme ("LATS") related costs or revenue resulting from the proposed solutions based on guaranteed levels of performance, where the value of purchasing or selling LATS permits will be assumed at £10 per permit through the life of the Contract. It is assumed that the LATS Scheme will be renewed after its completion in 2020 and that LATS permits will be traded up until the end of the Contract.
  - 4.1.4.4 Where appropriate, the economic cost impact of risks not accepted by each Tenderer, in response to the CFT, will be considered initially on a qualitative basis through a discussion of the potential financial impact of the risk and the probability of the risk occurring. Where the evaluation team reaches consensus that the level of risk not accepted by a Tenderer is likely to impact materially on

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the relative economic cost of the Tender to the Authority, the quantitative impact of the risk(s) will be estimated and added to the NPC of the Tenderer's original proposal. In this way, the Tenderer's overall financial score may be adjusted to take account of risk(s) not accepted. These may include but not necessarily be limited to:

- a) Tenderers' proposals in relation to Third Party Income; specifically the degree and frequency of proposed benchmarking and market testing of income that has been included within the amount of guaranteed Third Party Income in the model by the Tenderer. As stated within the Payment Mechanism of the CFT document, the evaluation will only take account of guaranteed Third Party Income;
- b) Contract / legal risks being transferred back to the Authority that can be quantified, (for example, Tenderer's proposals in relation to risks relating to the calorific value of Contract Waste being delivered to the residual waste treatment facility);
- c) Limitations to meeting Authority objectives that may lead to additional costs arising (for example, insurance proposals, proposed pension arrangements, redundancies etc);
- d) The potential loss of PFI credits due to the Tenderer's proposed technical and legal/contractual solution; and
- e) Additionally, the Authority reserves the right to make further adjustments to the Tenderer's solutions for evaluation and comparability purposes and to reflect specific risks transferred back to the Authority where these are readily identifiable and robustly quantifiable.

4.1.4.5 Where appropriate, the Authority's share of any revenues relating to electricity and heat/steam above the guaranteed amounts included within the base case financial model, using the following underlying assumptions:

- (a) Total income receivable from electricity will be calculated with reference to the number of MWh guaranteed per annum within the base case financial model, multiplied by the revenue per MWh as set out within Appendix B, in order to derive total anticipated electricity income generation. Any guaranteed amounts within the base case financial model will then be deducted to obtain the estimated income from this source that has not been guaranteed by the Tenderer.
- (b) Total income receivable from heat/steam sales will be calculated with reference to the number of MWh guaranteed per annum within the base case financial model, multiplied by the revenue per MWh as set out within Appendix B, in order to derive total anticipated heat/steam income generation. Any guaranteed amounts within the base case financial model will then be deducted to obtain the estimated income from this source that has not been guaranteed by the Tenderer.
- (c) The additional revenue for both electricity and heat/steam sales attributable to the Authority will be calculated by applying the Authority's Share Percentage in the Payment Mechanism to the estimated income that has not been guaranteed by the Tenderer. Due consideration will also be taken of Tenderer's positions regarding the offset of risk on third party income elements through either accumulation of revenues over time or aggregation of constituent elements.

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### **4.2 Affordability**

- 4.2.1 The affordability test examines the nominal cost impact of Tenderers' proposals over the twenty five years of the contract on the financial position of the Authority.
- 4.2.2 The scoring methodology to be adopted in the evaluation of Affordability at the CFT stage is to derive a mean of the nominal cost of each of the Tenders and the Reference Case for each of the Waste Flow Profiles set out in Table 2.
- 4.2.3 The Affordability analysis will assess the nominal cost of each Tender starting from the earliest Planned Commissioning Date of both Tenderer's submissions (nb the "Planned Commissioning Date" means the date following the issuance of the Readiness Test Certificate when Commissioning Waste is first received at the Facility. For the avoidance of doubt, Contract Waste that is not processed as Commissioning Waste in this period will be assumed to have been landfilled at the prevailing landfill rates.
- 4.2.4 Assuming that the mean cost would score 0 points, the scoring framework which is set out at Appendix A indicates the range of scores which could apply as an adjustment to the quality score.
- 4.2.5 The assessment of affordability will take into account those adjustments to this nominal cost in the same way as the Economic Cost as detailed in 4.1.4.1 to 4.1.4.5.

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**Appendix A Economic Cost and Affordability scoring framework**

The following framework is utilised to derive the Economic Cost score and Affordability score. The mean will score 0 points and scores will vary between +50 and -50.

A deviation from the mean of greater than or equal to +50% scores -50 and a deviation of greater than or equal to -50% scores +50. All scores between +50 and -50 are possible.

The table below provides some example deviations and accompanying scores based on the formula set out above:

Deviation from mean (%)	Score
+50	-50.00
+40	-40.00
+30	-30.00
+20	-20.00
+15	-15.00
+10	-10.00
+5	-5.00
No deviation	0.00
-5	5.00
-10	10.00
-15	15.00
-20	20.00
-30	30.00
-40	40.00
-50	50.00

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### Appendix B Determination of Non-guaranteed third party income levels

The following table sets out the anticipated third party revenues per unit that the Authority will be using for the calculation of third party revenues in excess of the guaranteed amounts included within the base case financial model.

Year ended 31 March	Electricity price £/MWh	Heat/steam price £/MWh
2014	48.86	29.41
2015	53.84	30.94
2016	64.98	32.62
2017	68.48	34.57
2018	70.51	36.84
2019	68.18	39.55
2020	67.60	42.73
2021	67.69	44.26
2022	72.99	45.86
2023	73.27	47.39
2024	86.13	48.99
2025	87.22	50.61
2026	89.40	51.88
2027	91.63	53.17
2028	93.92	54.50
2029	96.27	55.87
2030	98.68	57.26
2031	101.14	58.69
2032	103.67	60.16
2033	106.27	61.67
2034	108.92	63.21
2035	111.65	64.79
2036	114.44	66.41
2037	117.30	68.07
2038	120.23	69.77
2039	123.24	71.51

Sources:

Electricity prices - Ofgem Green Transition data to 2025, with 2025 data subject to indexation at 2.5% for the period 2026 to 2039.

[http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Discovery\\_Scenarios\\_ConDoc\\_FINAL.pdf&refer=Markets/WhIMkts/Discovery](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Discovery_Scenarios_ConDoc_FINAL.pdf&refer=Markets/WhIMkts/Discovery)

Heat/steam prices – DECC Central Retail data for Industrial Gas to 2025, provided in 2009 prices and subject to indexation at 2.5% for the period.

<http://decc.gov.uk/en/content/cms/statistics/projections/projections.aspx> - see Annex F Fossil fuel and retail price assumptions