



**FW WORKS -  
UNDERGROUND CABLE,  
SUBSTATION & OHL  
LARGE CAPITAL DELIVERY  
PROJECTS - SCOTLAND 1132**

Pre-Qualification Questionnaire Overview  
and Instructions



**Scottish & Southern**  
Electricity Networks



## Procurement Event Reference:

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## 1. DISCLAIMER

Values quoted are indicative and shown for information only at this stage. Any costs or volumes included in this PQQ (or shared separately) are subject to change at SHEPD's sole discretion. Further information on volumes and other elements that remain in development, will be shared at ITT stage.

Please note that SHEPD reserves the rights to:

1. Modify the PQQ at any stage during the PQQ process. Any instruction to modify the PQQ will be issued to all Applicants simultaneously.
2. Cancel the Procurement.
3. Request that an Applicant provide additional information to supplement or clarify any of the information provided in its PQQ response.

Note: SSEN will accept no liability or responsibility for:

- The accuracy of the information or data contained within this PQQ.
- Any costs associated with the preparation of any Applicant's response to this PQQ and/or associated activities, including but not limited to the extension of time limits and/or cancellation of the Procurement.



## 2. INTRODUCTION

### Scottish & Southern Electricity Networks (SSEN) Distribution

We are the electricity Distribution Network Operator (DNO) responsible for delivering power to 3.8 million homes and businesses across central southern England and the north of Scotland. We serve some of the most diverse and unique geographies across the UK, and keep customers and communities connected whilst developing the flexible electricity network vital to achieving net zero.

Our network serves some of the UK's most remote communities and some of the most densely populated. Our two networks cover the greatest land mass of any of the UK's DNOs, covering 72 local authority areas and 75,000km<sup>2</sup> of extremely diverse terrain.

Our 130,000km of overhead lines and underground cables, and 106,000 substations, are managed by more than 3,700 direct employees including skilled engineers, customer service teams and future energy experts, many of whom live and work in the communities they serve.

By enabling a smarter, more resilient electricity network, we're ensuring local communities from west London to Aberdeen continue to receive the reliable power they need. The five years from 2023 will be transformative for the UK's energy sector, and we're committing to an ambitious work programme that will deliver real and valued benefits during and beyond RIIO-ED2.

More information can be found in our [RIIO-ED2 Business Plan](#).

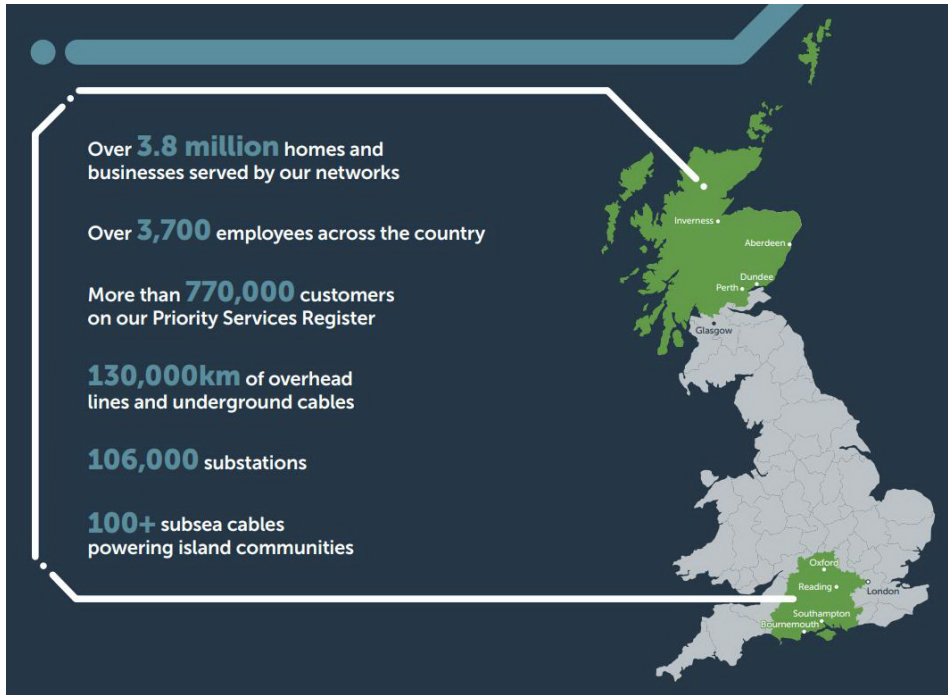


Figure 1 – SSEN Distribution License Areas




## Our 4 Priorities

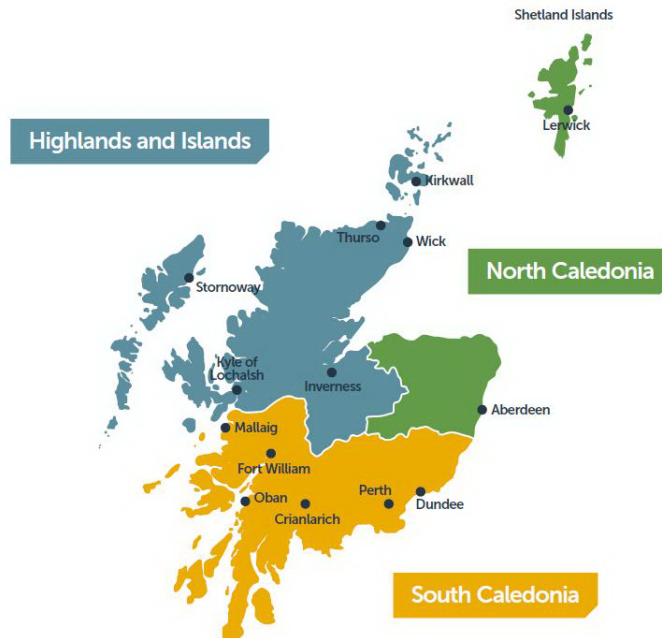




## Scottish Hydro Electric Power Distribution (SHEPD)

Our north of Scotland network is a key part of the UK's renewable economy, and our infrastructure provides essential services, as well as critical environmental and economic benefits to Scotland and its communities. This network covers some of the most remote and sparsely populated areas of Great Britain, with roughly 14 customers per square km, and experiences some of the highest levels of fuel poverty, with 28.3% of customers considered to be fuel-poor.

 Customer base profile	780,000 customers (2% of UK population) living in 25% of the land mass 28.3% customers in fuel poverty 156,938 PSR customers (20% of customer base) 13 local authority areas, of which 64% have declared a climate emergency
 Network characteristics	49,152km of overhead lines and underground cables with 59 island communities supplied via 110 subsea cables totalling 454km 44% of properties off-gas grid, the highest proportion in the UK
 Emerging factors	69% increase in solar, wind, hydro and marine generation anticipated between 2019 and 2030





### 3. OVERVIEW

Scottish Hydro Electric Power Distribution (SHEPD, the Authority) intends to award framework agreements to contractors who have the necessary capability, capacity, and expertise to Design & Build OHL, Substation and Underground Cabling Schemes within the SHEPD regions.

This significant programme of work amalgamates several scopes of work that SHEPD has traditionally delivered under separate contractual arrangements, including but not limited to OHL, substation, cabling, civil works, with associated services and works.

We are seeking long-term strategic partners to deliver our ambitious RIIO-ED2 Business Plan, play a significant role in our transition to net-zero and deliver great outcomes for our customers by driving efficiency through innovation, development of new technology and products, development of skills and supporting the growth of a locally sourced skilled workforce within our sector. This strategy is underpinned by the intention to award frameworks based on the geographical lotting (as set out below), removing the need for mini competition, to provide commitment to our delivery partners to facilitate growth.

#### Regional Delivery Approach

SHEPD recognises the need to evolve our approach to deliver in response to the needs of our consumers and the dynamic needs of the industry, enabling the transition to Net Zero. We anticipate that future delivery needs within the industry, skills shortages, and load growth (which is likely to accelerate) requires a flexible delivery model. We understand we cannot deliver the growth alone – we need a more collaborative approach for flexibility, efficiency, resilience, and innovation.

The premise of the 'Regional Delivery Approach' is in response to the needs of the market, we recognise the constraints on the industry from skills to materials. In order to support growth, we are required to make commitments to the market, that commitment being Large Capital Delivery works within each lot will be delivered by a single supply chain partner.

Engagement with our supply chain during ED2 business planning and beyond has identified the need (i) provide longer term SHEPD programme visibility and pipeline of work; (ii) enable early supplier engagement and provide continuity of work through consolidation of our requirements within the regional lotting, as the basis for tender, award, and delivery.

The scope of this PQQ relates to the multidisciplinary supply chain delivery of the following activities, summarised as:

1. Works driven primarily by network enhancements up to 33kV (including but not limited to Customer Connections and Capital) and seeks to consolidate (as far as is reasonably practical) the associated work required within the vicinity of that substation.
2. Specific types of work, such as, delivery of our environmental commitments for installation of transformer bunds to existing assets.
3. Yet undefined works, for example requirements that will be delivered via the future ED2 uncertainty mechanism regulatory route.



*Note: SHEPD reserves the right to remove certain activities, requirements or projects based on network requirement, risk, or specialist products or works. SHEPD will also free-issue key plant. This will be confirmed at tender stage.*

This regional delivery approach will capitalise on synergies between Customer Connections and strategically planned Load and Non-Load work with the aim to maximise outage utilisation enabling the programme to touch the network in a controlled and efficient manner.

## Volumes

Our work-bank is formed of enhancements and renewals otherwise known as Load and Non-Load work. The former is driven primarily by a combination of DFES and external customer demand which can be influenced by policy, regulation, customer demand, generation such as investment within local areas such as data centres or housing developments which require additional capacity, also whom we need to engage with to develop requirements. The latter is informed by renewals which encompass a range of like-for-like renewals or modern form equivalents, flood mitigation schemes and others which support the integrity and resilience of our network.

There are currently 9 Regional Lots within an estimate range of planned expenditure between £14m to £53m which encompass the type of work outlined above. However, it is important to understand that within our regulatory governance uncertainty mechanisms it could mean additional works being required because of future demand, particularly as we accelerate on the journey to net-zero. This framework is primarily designed to deliver projects with values over £1-2m, generally projects under these values will be delivered under separate frameworks. There may however be occasions due to complexities or where logistically it makes sense due to geography for the framework to deliver projects below these values.

## Estimated Total Values to be Delivered under these Agreements.

Based on current volumes, we estimate that these frameworks are set to deliver around £300m over the initial period of 5 years. The works identified as CAPEX should be delivered within RIIO -ED2 and Customer Connection projects have to be delivered to the agreed connection dates.

### SHEPD Regions (Lots) – Indicative Values (*represents a guide and is subject to change*)

Lot	Sum of Value Row Labels	Column Labels					Grand Total
		24/25	25/26	26/27	27/28	28/29	
1	SC - Argyll & West		£ 26,102,784.12	£ 13,849,811.25		£ 13,948,807.19	£ 53,901,402.56
2	H&I - Sutherland & Caithness	£ 14,513,480.50	£ 3,461,417.15	£ 31,753,923.75	£ 3,262,913.39		£ 52,991,734.79
3	NC - Aberdeen	£ 2,419,881.75	£ 921,168.00	£ 18,483,336.41	£ 2,584,856.09	£ 12,575,856.77	£ 36,985,099.03
4	H&I - Inverness	£ 5,069,657.44	£ 17,094,673.38	£ 14,667,552.75			£ 36,831,883.57
5	SC-Perthshire & Tayside	£ 3,904,545.98	£ 3,028,311.75	£ 8,393,941.50	£ 14,238,201.75		£ 32,945,410.73
6	Shetland	£ 1,125,000.00	£ 28,725,000.00	£ 720,000.00			£ 30,570,000.00
7	Orkney		£ 3,290,082.00	£ 19,545,395.69			£ 30,238,916.69
8	NC - Moray	£ 3,972,421.85	£ 19,409,229.95	£ 4,146,732.52	£ 1,846,952.25		£ 29,375,336.57
9	Lewis		£ 7,814,510.12		£ 300,000.00		£ 15,875,434.37
	<b>Grand Total</b>	<b>£ 31,004,987.51</b>	<b>£ 109,847,176.46</b>	<b>£ 111,560,693.87</b>	<b>£ 22,232,923.49</b>	<b>£ 26,524,663.97</b>	<b>£ 18,544,773.00</b>

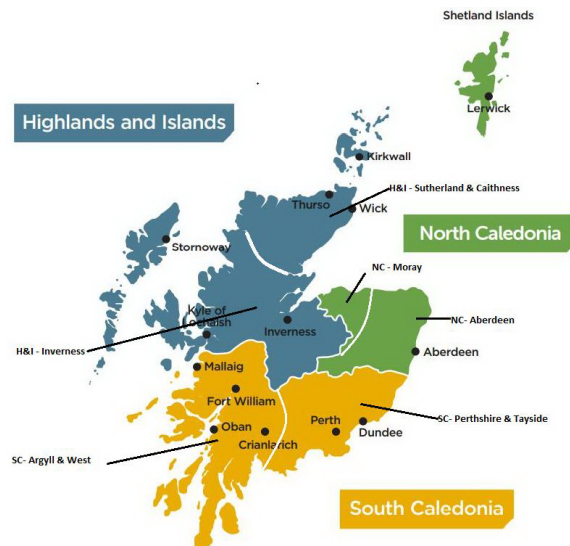
Dates shown are indicative first year of construction based on our high level programme, the values shown against these years are the estimated full value of these projects, which will in





reality span several years. We anticipate that the average maximum annual value will be in the region £10m per Lot.

*(There are a number of projects which require further review to determine region & years of construction, which will fall within the 9 lots and years of construction within the framework period)*



*For illustrative purposes only, exact geographical delineation to be confirmed*

## Scope of Agreement

An overview of the elements of scope contained within this agreement is noted below and is based on what is included in our RIIO-ED2 Business Plan submission to Ofgem.

High level scope of work:

- Works associated with 33kV, 11kV, 22kV and LV electrical equipment.
- Works associated with OHL, substation, cabling, and civils.
- Multidisciplinary engineering optioneering, feasibility and detailed design development and assurance.
- Comprehensive multidisciplinary construction activities including, installation, commissioning, dismantling and disposal.
- Support with and management of necessary access requirements including, consenting, wayleaves, local access negotiations,
- Negotiation of network access with SHEPD including outage planning and requests.
- Interface management and negotiation with external stakeholders including Local authorities, landowners, and customers.
- Planning, scheduling, and managing pre-construction and post construction activities and compliance with associated legislative and regulatory duties e.g., CDM2015, HSE etc.
- Value-engineering and innovation to propose changes and ideas that reduce costs/schedule while maintaining or enhancing design intent and quality, value, and functional performance of improvements. Assist in the development and implementation of value engineering and innovative ideas.
- Support the resolution of project interfaces and dependencies.

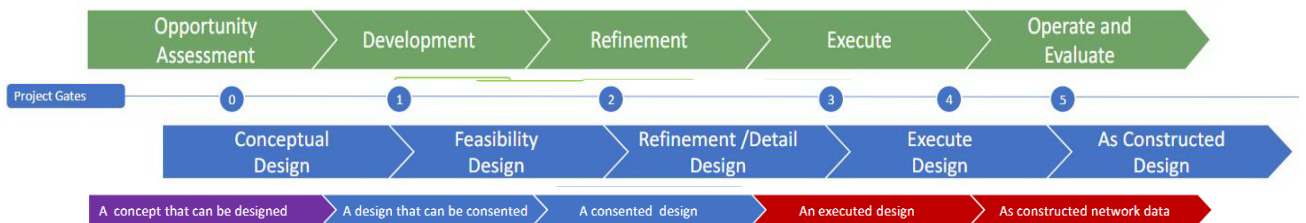


- Safe by design, incorporating safety principles in design construction and maintenance in accordance with relevant legislation.
- Activities as required during storms and other times

## Standardised Engineering Design Roles

SHEPD's Programme and Project Governance procedure is made up of five consecutive stages shown left to right in the green figure. Each stage is separated by a Gate which has several specific deliverables for both SHEPD and any contract partners. There are various hold points during the process for formal technical and financial reviews, etc.

The blue figure represents the gate and design stages. It is proposed that the Framework partners are engaged just after gate One until the end of gate five.





## Objectives of the Agreement

Considering the Distribution ED2 Business Plan stakeholder-led goals; the key objectives of the agreement shall be:

1. Safety, Health & Environment:
  - a. To choose partners that share our commitment to that we all get home safe, jointly setting high standards  
To have no life changing injuries or major safety, health, and environmental incidents
2. Delivery
  - a. To ensure delivery of the services and works associated with the Delivery programme
  - b. A collaborative, strategic and long-term client contractor partnership relationship
  - c. Provide visibility of work to partners to allow effective network and resource planning
  - d. To facilitate enduring key skills development and industry retention
3. Efficiency
  - a. To achieve year on year cost improvements.
  - b. Innovation: support and reward the implementation and embedding of best-in-class innovation that delivers tangible benefits
4. Customer Service
  - a. Fewer interruptions: to develop and optimize delivery of projects to reduce number of planned customer interruptions
  - b. Customer Satisfaction: Ensure works and contract partners contribute to customer satisfaction targets as defined by Ofgem.
5. Net Zero/Sustainable Supply Chain
  - a. Sustainable Supplier Code: implementation of a clear targeted pathway to Net Zero Outperformance of Sustainable Supplier Code.
  - b. Demonstrate the supply chain contribution to Distribution reporting (including SBTs) and reduction in our Embodied Carbon (Scope 3 emissions/suppliers' Scope 1 and 2), a reduction in waste, innovation

## Allocation of Works

SHEPD's intention is to award up to 9 agreements for the SHEPD Underground Cable, Substation and OHL Large Capital Delivery Projects, split by region into Lots (see page 9 above for the SHEPD network area). It is intended, that no partner will be awarded more than four Regional Lots, this will be subject to tender response and capacities of delivery partners.

## Sustainability

In line with the UK's transition to a net zero economy and SHEPD's Sustainability Strategy, SHEPD recognises that our sustainability and environmental performance has a dependency on a sustainable supply chain. Contained in the agreement will be a Sustainable Supplier Code (SSC), which has been built based on SHEPD's key UN Sustainable Development Goals (SDGs), where we assessed which of the key SDGs are most relevant to supply chain activities, alongside similar activity that we were involved in to support SSE Group's sustainable procurement



approach. Therefore, we have based the development of the SSC on the 12 core themes associated with the key SDGs.

For example, one key requirement is that throughout RIIO-ED2 our target is to have 80% of our supply chain (by spend) signed up to our Sustainable Supplier Code, and we will continue to maximise the number of suppliers compliant with the code with the aspiration to reach 90% by the end of RIIO-ED2. Another example is one of our code requirements, that by the end of the ED2 price control period, in relation to Scope 3 emissions targets 35% of the supply chain (by spend value) will have committed to setting science-based targets (SBTs) by 2026 (with a target of 55% by 2033).

## Duration

The agreements duration shall be 5 years plus 3 X 1 year potential extension periods.

## Terms & Conditions

The NEC3 suite of contract forms will be used.

## Timing

On conclusion of the PQQ scoring and notification the aim is to issue the ITT by the end of May 2024, with a view to awarding the agreements by the end of November 2024.

## PQQ Scoring Guidance

### **Maximum number of respondents to progress to ITT**

1. SHEPDs' intention is to bring up to 5 potential partners for each of the 9 Lots through from the PQQ to the ITT stage. SHEPD reserves the right to vary this depending on submissions. In the PQQ submission, applicants are required to state which of the Lots they are interested in bidding for/intend proposing a solution for at ITT stage.
2. Minimum Score Requirement:  
The minimum score supply chain partners will need to achieve is 60%. SHEPD reserves the right to vary this depending on submissions.



## 4. CONTRACT PRINCIPLES SCHEDULE

We have included a schedule to provide clear guidance on the principles that underpin our draft contract provisions; the final positions for each will be shared at the Invitation to Tender (ITT) stage.

SHEPD intends to utilise the PQQ stage to continue to capture supply chain feedback on key elements, to enable further development of the agreement in readiness for the ITT. Supply chain engagement and a collaborative approach, listening to those who know best to shape this agreement will be key for our future partnership.

Applicants should note:

- a) Any feedback shared within PQQ submissions that is related to the development of SHEPD requirements for ITT stage, will not be scored during PQQ evaluation and is for information-only at this stage; and
- b) The Contract Principles are shared with Suppliers as part of the PQQ stage without prejudice and subject to contract; and
- c) The items listed in the Contract Principles are non-exhaustive.



#### **1. Scope of the Agreement**

This significant programme of work amalgamates several scopes of work that SHEPD has traditionally delivered under separate contractual arrangements, including (but not limited to) OHL, substation, cabling, civil works, and associated services and works.

#### **2. Conditions of Contract**

The NEC3 suite of contract forms will be used. The terms and conditions will be based on the existing suite of SSE Group NEC3 standard templates.

#### **3. Duration/Term**

The agreement's duration shall be 5 years plus 3 X 1 year extension periods.

#### **4. Increase of Works**

The agreement is intended to include mechanisms for a committed volume of work over the initial period, with a flexibility mechanism to accommodate an increase in workload within the awarded regions due to impacts of Net Zero growth, Ofgem, Uncertainty Mechanism and Connections projects.

#### **5. Call-off Competition Procedure**

Given the committed volumes strategy, the call-off procedure will be direct allocation. However, SHEPD will retain the right to mini-compete across Regions or award outside of the framework if certain criteria around cost and performance are met.

#### **6. Visibility of Programme to Supply Chain Partners**

The agreement will be awarded based on all volume known at the time of execution, with adjustments (for non-baseload volume, including but not limited to Uncertainty Mechanisms and Customer Connections) managed collaboratively using change control processes embedded in the agreement.

#### **7. Design Responsibility**

The feasibility and detailed design responsibility will be assessed at call-off, with the Delivery Partner picking up the design from the Employer.

#### **8. Performance Specification and Detailed Design**

SHEPD will develop a performance-based specification which shall set out the high-level requirements for delivery of Programmes of work under this agreement.

#### **9. Risk Management**

We aim to build a constructive and collaborative approach to managing commercial and delivery risks at portfolio, programme, and project levels. A core principle will be seeking to equitably allocate lead responsibility across key risk categories of risk, to the parties who are best placed to manage and mitigate those risks.

#### **10. Incentivisation**

Notwithstanding the cost model and rate structure, Delivery Partner incentivisation is essential to drive commercial performance and meet the required level of efficiencies. This will be shared at ITT stage.



#### **11. Key Performance Indicators (KPIs)**

Key Performance indicators are required as part of the framework management. The NEC3 approach with KPIs is to promote the concept of continuous improvement. Each KPI will be identified and described, including achievement criteria, in the draft agreement to be incorporated within the ITT documents and will be closely linked to the Incentivisation provisions.

#### **12. Performance Guarantees and Bonds**

It is intended that a programme-level retention bond will be applied as part of the agreement. An on-demand performance guarantee bond will be required at portfolio level and if appropriate, a parent company guarantee (PCG) may also be required.

#### **13. Limitation of Liability**

Liability provisions are to be included within the agreement and will be further developed in line with our approach to Risk Management and the Allocation of Work.

#### **14. Defects**

Defects Liability periods will be advised at ITT stage. Standard Latent Defects provisions will be included.

#### **15. Contract Price Adjustments**

SHEPD understands the current market conditions and therefore a Contract Price Adjustment mechanism is to be applied, this will likely covering raw materials and labour and will seek to back-to-back with Ofgem's price adjustment mechanism.

#### **16. Supplier Relationship Management**

It is intended that SSE Group's existing SRM model will be implemented for these agreements; hence utilising existing, proven procedures and resources to support successful collaborative implementation.

#### **17. Storm Support**

To ensure we can always deliver for our customers, The agreement shall include the provision for the contractor to provide an equivalent level of operational resources during storms as during normal periods, with responsibilities and timescales in line with existing processes to cover the SHEPD region.

#### **18. GDPR Clauses**

Due to the requirement to share highly confidential customer data to enable delivery of the scope of this agreement, note that at ITT stage SHEPD will include the required GDPR-based contract clauses that will reflect all of the requirements with respect to handling all data.

#### **19. Insurance**

Working with the SHEPD insurance department, preferred specific insurance requirements (which may include the option for SSE Group Owner Controlled Insurance Policies) will be shared at ITT stage, where supply chain partners will be able to confirm their preferred approach.



## **20. Termination**

NEC3 with amendments in line with SSE Group standard provisions.

If you wish to participate in the PQQ process, please contact our Michael Cooney or Paul Towert for further information [michael.cooney@sse.com](mailto:michael.cooney@sse.com) [Paul.Towert@sse.com](mailto:Paul.Towert@sse.com)