

Tahir Mahmood
Account Manager

tahir.mahmood@nationalgrid.com

www.nationalgrid.com

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Dear Colleague,

OPERATING MARGINS (“OM”) – INVITATION TO TENDER

This Invitation to Tender is made in respect of National Grid Gas’s latest OM procurement exercise.

OM Requirement

Tenders are invited from Storage, LNG Importation with Storage, or Demand Reduction to meet the 2021/22 forecast OM requirement. The initial forecast requirement for 2020/21 is **794 GWh**, which includes locational requirements in the South West and South East.

Changes for the 2021/22 Tender

There are three important changes that participants should note for the 2021/22 tender:

1. **Proposed amendments to standard contractual terms:** Proposed contractual amendments should only be submitted if they are deemed reasonably necessary to reflect the type and technical characteristics of the relevant site (for reasons explained further below). Any such amendments must be proposed using the OM Tenderers Contract Response Form, which must be submitted separately by **13:00 hours on Tuesday 22 December 2020**. Please see the Tender Guidance document for more information on this form. If there are no proposed changes to National Grid’s standard wording, or no alternative terms proposed, submission of this form is not required.
2. **Designated Tender Packs for LNG and Demand Reduction:** In previous years, Tender Pack 2 covered both OM Delivery for both LNG Importation Terminals (with storage) and Demand Reduction points (Gas Power Stations). For the 2021/22 tender, these have been split into two tender packs. Tender Pack 2 now specifically relates to LNG facilities, whilst a new Tender Pack 3 relates specifically to Demand Reduction.

- 3. Treatment of mutually exclusive volumes:** Where a tenderer wishes to offer up to 3 mutually exclusive volumes, they should do so by submitting separate tender packs. For Storage and LNG sites, each mutually exclusive volume may be broken down into tranches of volume with separate prices. In this scenario, National Grid will only consider accepting volume from 1 of the 3 tender packs.

E-tendering

We shall be using the electronic portal ARIBA for the submission of tenders. We encourage you to register on Ariba if you do not have an account and familiarise yourself with the portal by 4 January in order for you to gain access and prepare for tender submission. Alternative methods of tender submission are not allowed.

If you have not received an email directly from ARIBA inviting you to the tender event by 3 December, please contact National Grid Gas at Box.GasContractServices@nationalgrid.com

All users who do not have an Ariba account will be required to register, which can be accessed via Ariba Supplier at the following link:

<https://supplier.ariba.com/>

Once you have registered for an account, you will need to email National Grid Gas (Box.GasContractServices@nationalgrid.com) requesting to be invited to tender for the OM event in Ariba Sourcing by completing the following table.

Ariba Supplier ID Number	
Company Name	
Ariba Key Contact Name	
Ariba Key Contact Email Address	
Ariba Key Contact Mobile Number	

We will then verify prior to approving login credentials and invite the user to participate with an auto generated email.

Please be advised that the portal inviting tenders for OM service year 2021/22 is now open. The portal, created within the "Ariba Sourcing" online environment, shall be open for about 6 weeks (closing at

13:00 (GMT) on Monday 18th January 2021) and can be accessed via the following link once you have registered and received the auto generated invitation to participate email.

<https://sourcing.ariba.com/>

Once you have logged in you will be able to:

- Read the Invitation to Tender
- Download, Populate and Attach Tender Pack(s)
- Read and agree to the Terms & Conditions
- Submit Tender(s)

There is an OM Ariba Webinar available as part of the tender documentation below which details the registration and tender submission process.

Tender Documentation

Documentation relating to this Invitation to Tender is now available on National Grid Gas's website:

<https://www.nationalgrid.com/uk/gas-transmission/balancing/operating-margins-om>

The following documents have been published:

- This Invitation to Tender (ITT) Letter
- Tender Guidance Document
- Tender Pack 1 – Gas Capacity
- Tender Pack 2 – Gas Delivery (LNG)
- Tender Pack 3 – Gas Delivery (Demand Reduction)
- OM Tenderers Contract Response Form
- Operating Margins Agreements
 - Gas Capacity Agreement – Storage (Capacity Tender)
 - Gas Delivery Agreement – LNG Storage (Delivery Tender)
 - Gas Delivery Agreement – Demand Reduction (Delivery Tender)
- OM Ariba Webinar

OM Timescales

The key dates for this Tender Round are as follows:

Activity	Date
Tender Opens	Wednesday 2 December 2020
OM Tenderers Contract Response Form Submission Deadline (only required if amendments are proposed)	13:00 (GMT) on Tuesday 22 December 2020
Tender Submission Deadline	13:00 (GMT) on Monday 18 January 2021
Tender Assessment	19 January – 19 February 2021
Tender Results Notification	During Week Commencing 22 February 2021
Contract Issue and Acceptance	March 2021
Service Commencement	05:00 BST hours on Saturday 1 May 2021

All tenders must be received by e-tender no later than **13:00 (GMT) on Monday 18 January 2021.**

OM Contract Terms

National Grid is subject to its Gas Transporter Licence obligations to ensure a tenderer does not obtain any unfair commercial advantage from a preferential or discriminatory arrangement as against another tenderer. This means that National Grid cannot substantially deviate from the terms published in the template OM Agreement, subject to any change necessitated by BREXIT. **Therefore proposed contractual amendments should only be submitted if they are deemed reasonably necessary to reflect the type and technical characteristics of the relevant site.** Any changes that tenderers wish to make to these template OM Agreement terms (or alternative terms) must be detailed on the standalone 'Contract Amendments Form', which must be submitted prior to the Tender Pack – to Box.GasContractServices@nationalgrid.com **no later than 13:00hrs on 22 December 2020.** Such proposed amendments will be factored into the assessment of the tenders.

Further Information

For further information and a more detailed explanation of the tender process, please refer to the OM Tender Guidance Document.

Should any party wish to arrange further discussions directly with National Grid Gas, please request a meeting at your earliest convenience. Alternatively, please contact me should you have any queries.

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Yours Sincerely,

Tahir Mahmood
Account Manager
National Grid Gas
tahir.mahmood@nationalgrid.com