

30th November 2021

Dear Colleague,

OPERATING MARGINS (“OM”) – INVITATION TO TENDER

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

OM Requirement

Tenders are invited from Storage, LNG Importation with Storage, or Demand Reduction to meet the 2022/23 forecast OM requirement. The initial forecast requirement is **874 GWh**, which includes locational requirements in the South West and South East.

Changes for the 2022/23 Tender

There are two important changes that participants should note for the 2022/23 tender:

- 1. Tender pack rationalisation.** All three tender packs have been rationalised such that only one tender pack per site is required. Within each of the tender packs, there are now multiple sheets which can be used should a tenderer wish to submit alternate proposal(s).

For Tender Pack 1 (Gas Capacity), there are two sheets (A and B), Tenders may wish to use Sheet B to re-offer some of all of the volume in Sheet A, but with a different tranche structure as per part 5 of Tender Pack 1.

For Tender Packs 2 and 3 (Gas Delivery – LNG and Demand Reduction), there are three sheets (A, B and C). Tenderers may wish to use Sheet B to re-offer some or all of the volume in Sheet A, but with a different tranche structure (LNG), and a different volume (Demand reduction) for example Sheet A may be for a full power station turndown, whilst Sheet B may be for a partial turndown. For these tender packs we are also introducing a new option for bidders to offer a ‘Winter only’ service, as per point (2) below.

2. **For the Gas Delivery Contracts there is an additional option to provide a 'Winter only' tender submission** for 2022/23. Tenderers may submit a proposal covering only the last seven months of the traditional OM contract year, **i.e. for the period 01/10/2022 – 30/04/2023**. Should tenderers wish to provide a proposal for this, they should fill out 'Sheet C' of either Tender Pack 2 (LNG) or Tender Pack 3 (Demand Reduction).

Please note, for ALL tender packs, National Grid will consider accepting volumes from **ONE** of Sheets A or B (Tender Pack 1), or Sheets A, B or C (Tender Packs 2 and 3).

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 Friday 7th January 2022 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 3rd 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	

National Grid will verify the information provided prior to approving login credentials and invite the tenderer to participate with an auto generated email.

Please be advised that the portal inviting tenders for the OM service year 2022/23 is now open. The portal, created within the “Ariba Sourcing” online environment, shall be open for about 7 weeks (closing at 13:00 (GMT) on Monday 17th January 2022) 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)
 - Gas Delivery Agreement – LNG Storage (Delivery Tender) (Winter only)
 - Gas Delivery Agreement – Demand Reduction (Delivery Tender) (Winter only)
- OM Ariba Webinar

OM Timeline

The key dates for this Procurement event are as follows:

Activity	Date
Tender Opens	Tuesday 30th November 2021
OM Tenderers Contract Response Form Submission Deadline (only required if amendments are proposed)	13:00 (GMT) on Wednesday 22nd December 2021
Tender Submission Deadline	13:00 (GMT) on Monday 17th January 2022
Tender Assessment	18th January – 18th February 2022
Tender Results Notification	During Week Commencing 21st February 2022
Contract Issue and Acceptance	March 2022
Service Commencement	05:00 BST hours on Sunday 1st May 2022

All tenders must be received by e-tender no later than **13:00 (GMT) on Monday 17th January 2022.**

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. **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 to Box.GasContractServices@nationalgrid.com **no later than 13:00hrs on 22 December 2021.** Such proposed amendments will be factored into the assessment of the tenders.

Further Information

For further information and a more detailed explanation of the procurement 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.

Yours Sincerely,

John Cummins - Senior Contracts Officer - National Grid Gas - john.cummins@nationalgrid.com