

Bid Assessment Framework

July 2019

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What does this document do?

This document sets out our Bid Assessment Framework (BAF) for reviewing third party options for water resources, leakage and demand management. It shows the steps we have taken to ensure that these options are assessed transparently and independently against our own options, in order to identify and progress those options which are best aligned to customers' interests.

What you will find in this document

- our commitment to delivering best value to customers
- our overarching approach, including the guiding principles
- details of the three option streams that we have developed to deal with new, innovative, or existing options
- transparency of our existing WRMP and BAF process
- details of the feedback and appeals process for options that are not selected

The decisions we have made

- we will operate the BAF over an open timeframe
- we will review lessons learned over the first 12 months of operation and update our BAF to accommodate these learnings
- we will provide a Facilitation Fund to help innovators bring new ideas to market
- we will consider third party options that offer alternative delivery of options that have already been selected in our WRMP work programme

Where we address our plan's four key themes

- **Innovation** – we are encouraging innovators to bring options forward, through a dedicated innovation assessment stream, and can support them where required through our Facilitation Fund
- **Resilience** – in our assessment we will consider options which bring greater resilience than the ones included in our current plans
- **Affordability** – the entire process is structured around bringing efficiency and best value to the customer from consideration of third party options
- **Customer service** – the structure of the screening process facilitates advancement of those options which will improve Customer Service

Need further information?

Please email yourwateryoursay@southeastwater.co.uk if you require further information or wish to clarify anything in this document.

Introduction

Our response to Ofwat's challenge

Ofwat has set out its intention to open up the bidding market in the arenas of water resources, demand management and leakage. They have asked water companies to develop a framework which encourages bids and innovation from third parties; tabling options that may not otherwise have been considered equally alongside water companies' own options.

South East Water (SEW) share this intention, and we are committed to delivering best value options for customers irrespective of provider. We previously developed and published a paper in July 2015 setting out how we would achieve this¹. Ofwat reference this in their paper, *Towards Water 2020 – policy issues: promoting markets*, July 2015. We have since demonstrated our ability to take this open approach, by flexing our programme to accommodate in-period third party options such as the Aylesford Newsprint abstraction license, and the Advizzo demand management approach. Both are new third party options within our AMP6 programme which were not available at the inception of the previous WRMP, but which we have since developed jointly with the third parties in order to provide better value to our customers.

As such this Bid Assessment Framework now formalises the intent previously set out, and which we have since implemented with the examples given. Our transparent and collaborative approach to option development for our WRMP19 further demonstrates our alignment with this commitment.

Our BAF is published alongside our Water Resources Market Information (WRMI) and our approved Trading and Procurement Code on a dedicated webpage **corporate.southeastwater.co.uk/news-info/publications/wrmp-market-information-tables** and presents an open, transparent and consistent approach to identifying new third party options for water resources, leakage and demand management activities. Through the WRMI, third parties can see the range of options we have considered and those which have been selected in our preferred programme of work. Third parties can use this information to judge whether they are able to offer alternative options which may be more efficient and / or bring greater benefits for the environment or our resilience. We will commence work to develop our next WRMP for 2024 in the spring of 2020 and will undertake a comprehensive engagement exercise including Supplier Days to ensure we receive all potential third party options to include in the WRMP24 planning process.

The Water Resources in the South East (WRSE) group will be publishing a regional Statement of Need (SoN) in February 2020. The statement will set out the water that we anticipate will be required in the future. It will be published at Water Resource Zone (WRZ) level which will provide potential third parties and new entrants the opportunity to explore the development of new solutions to meet regional and company supply demand deficits. This will not replace the company level Bid Assessment Frameworks, but it will complement them by providing potential new entrants with the regional overview of the company level requirements.

¹ Water 2020 – water resource planning and third party options, a discussion paper produced jointly by South East Water and Frontier Economics, July 2015

Principles of our approach

In developing our BAF we have applied the following guiding principles:

We want to identify best value options for customers

We recognise barriers to entry for third parties and are committed to reaching out to all potentially interested parties, and to give full and transparent consideration of options that might arise. We would also like to assist those that find it difficult to provide the information required to successfully progress an option through our BAF process. We have developed three work streams to assist with this:

- i new options
- ii innovative options
- iii improvement options

In all cases we will work with third parties to develop the information required. In some cases, third parties will be able to apply for grants from our newly created Facilitation Fund, to further develop the credibility of options such that they are more likely to qualify in the process.

The Improvement Options Stream considers alternative methods of delivering options which already form part of our baseline programme of work. Where it shows clear value to the customer, we would like to consider propositions from third parties for alternative delivery of an existing option.

We are free of bias to a given option, providing a consistent and transparent process

The approach we have set out in this BAF enables us to deal equitably with third parties, following the key procurement tenets of equal treatment, non-discrimination and proportionality. We will provide confidence and clarity to third parties by having a demonstrably independent assessment process, publishing our assessment criteria and scoring, and giving feedback to third parties on the performance of their option through the process – whilst protecting third party commercially sensitive information. Our in-house solutions team will develop and submit the same information to the same level of detail for assessment as a third party is asked to provide.

We are adaptive in our approach

We will improve the BAF if we spot issues or opportunities. As we approach the period when we will be developing our next WRMP (for 2024 onwards) we will undertake a comprehensive engagement exercise to identify all possible options including those offered by third parties for consideration in our next WRMP. We will review both our option appraisal process and the BAF at that time, to ensure that the lessons learned over the first 12 months of operation have been incorporated into the BAF.

Our processes are simple, accessible and written in plain English

Our intention is for third party suppliers to understand the process, so that they can submit viable options and get full visibility on how their proposed options are being considered. Our processes further seek to limit the paperwork required by third parties, and proactively supports third parties to develop their options.

We are supportive of innovation

We are committed to attracting innovators to bring ideas to market and have developed a dedicated Innovation Stream to facilitate such options within this process. More information on how to innovate with us and provide details of products and services that can be considered as part of this Innovation Stream can be found at corporate.southeastwater.co.uk/about-us/innovate-with-us. We recognise that innovations are typically less well defined or proven, hence our BAF aims to make progression of innovative options as easy as possible.

We are keen to consider third party options at any point in time

Our intention is for the BAF to operate for an open timeframe whereby we will consider third party options at any point in time (and not just once at the start of the five year regulatory cycle). Where better options are identified, we will refresh our in-AMP delivery of our WRMP programme and republish our Water Resources Market Information tables.

We will review our BAF process each year, to determine the best method to implement our BAF in an efficient way that benefits the customer.

Overview of the Process

Introduction

Our BAF process has been designed to ensure that all options for leakage, demand management and water supply that are submitted to us by third parties, are treated in the same way as any options that we have promoted ourselves. In this way we can identify those third party options which can offer greater efficiency and/or additional benefits to improve our proposed programme of work in the WRMP.

In the development of our WRMP19, we considered a wide range of options for balancing supply and demand and implemented a comprehensive option appraisal and programme selection process.

We have based our BAF on this process. As such, the BAF is targeted primarily on the identification and selection of the optimum options for water resources, leakage and demand management. (Procurement of the delivery of these options is external to the BAF procedure).

South East Water Procurement Procedures

South East Water has well established appropriate controls and procedures in place relevant to the size and complexity of goods, services and works to be procured ensuring that we comply with the principles of transparency, equal treatment/non-discrimination and proportionality. The procurement approach is based on four categories relating to the anticipated value of the purchase.

Orders between £100 and £2000 – A single quotation is acceptable where the effort involved in obtaining competitive quotes makes it unreasonable, provided that value for money is still considered.

Orders between £2000 and £10,000 – A minimum of three quotations are to be obtained unless it is a purchase order being applied to an existing framework agreement.

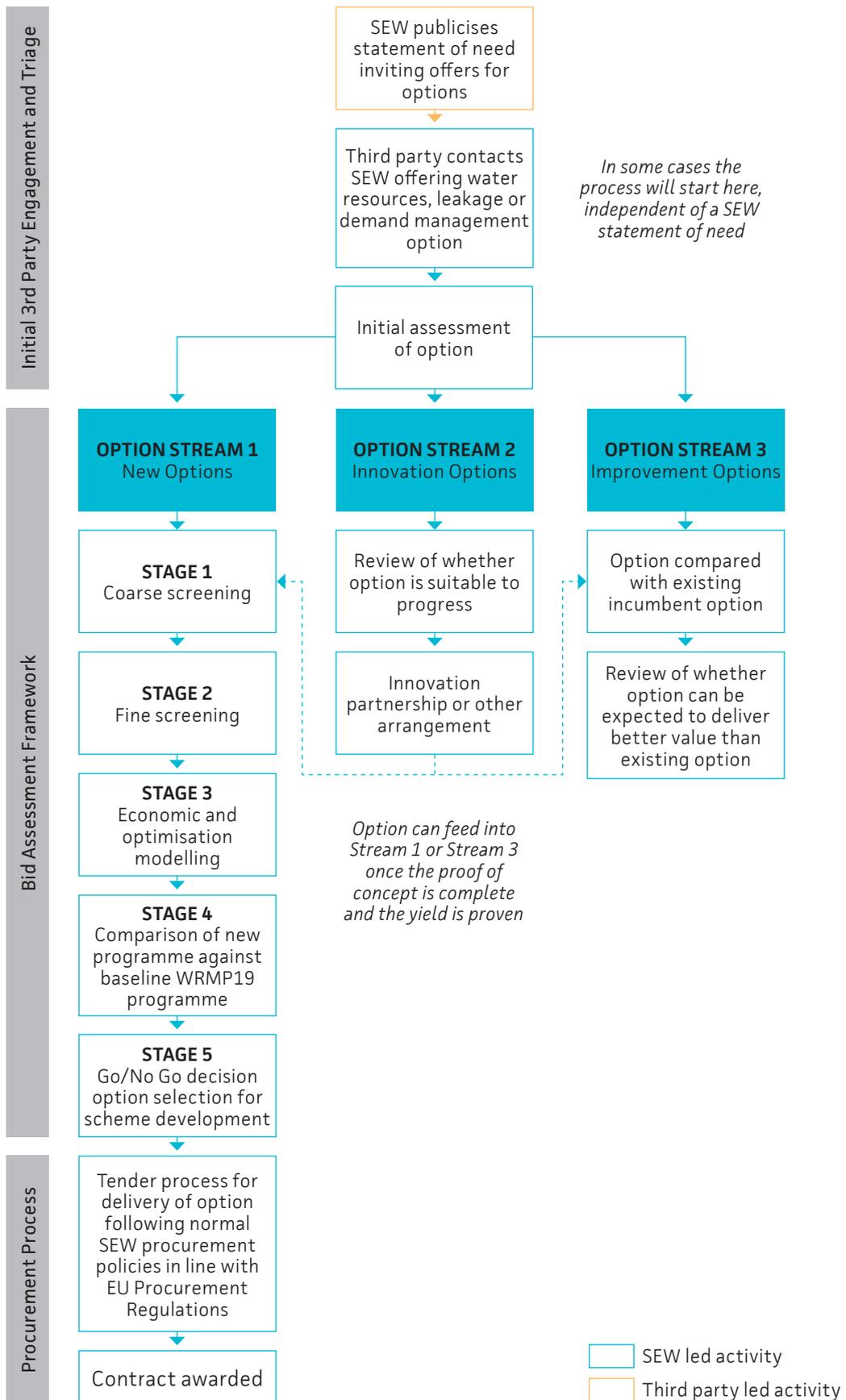
Orders over £10,000 – A minimum of three quotations are required and a contract number must be obtained from the Procurement Department by submitting a contract number request form. The procurement team will review the requirements and determine the level of input to the quotation process. Where a tender process is undertaken by the procurement team we follow the similar guiding principles as those required under the Utilities Contract Regulations 2016.

Orders over £363,424 – A full tender process will be carried out by the procurement team in accordance to the UCR 2016. We use the Achilles Utilities Vendor Database as a pre-qualification service where third parties subscribe to the service against product codes allowing them to be directly informed about any tender opportunities relating to those codes. If product codes are not available for the product or service required then a call for competition will be published in the OJEU.

We recognise that it may be difficult for third parties to provide all the detail required for the appraisal process and have developed it further to account for different types of options and their level of development. We will, where possible, assist third parties with data gaps.

It is intended that the BAF clearly sets out our consistent and transparent approach to assessing third party options. We have built sufficient flexibility in the process to ensure that less developed options are not excluded from consideration.

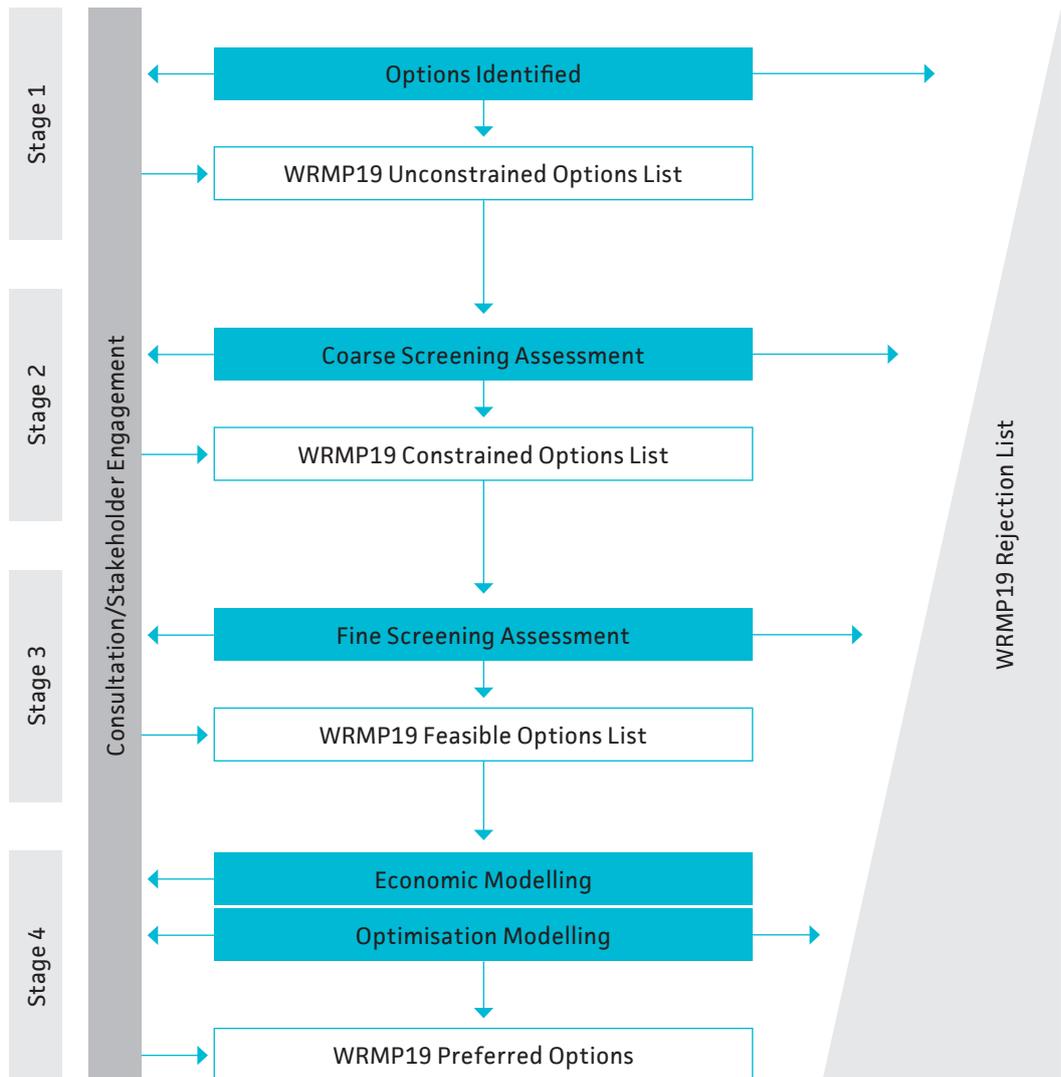
Figure 1: Overview of process



WRMP19 Programme Development

Our WRMP19 includes our proposed programme of work based on the options we identified and assessed at that time. The process of options identification, appraisal and programme development is illustrated in Figure 2. Further detail is available in Appendix 7A Options Appraisal Methodology of our WRMP19.

Figure 2: WRMP19 Options Appraisal Process



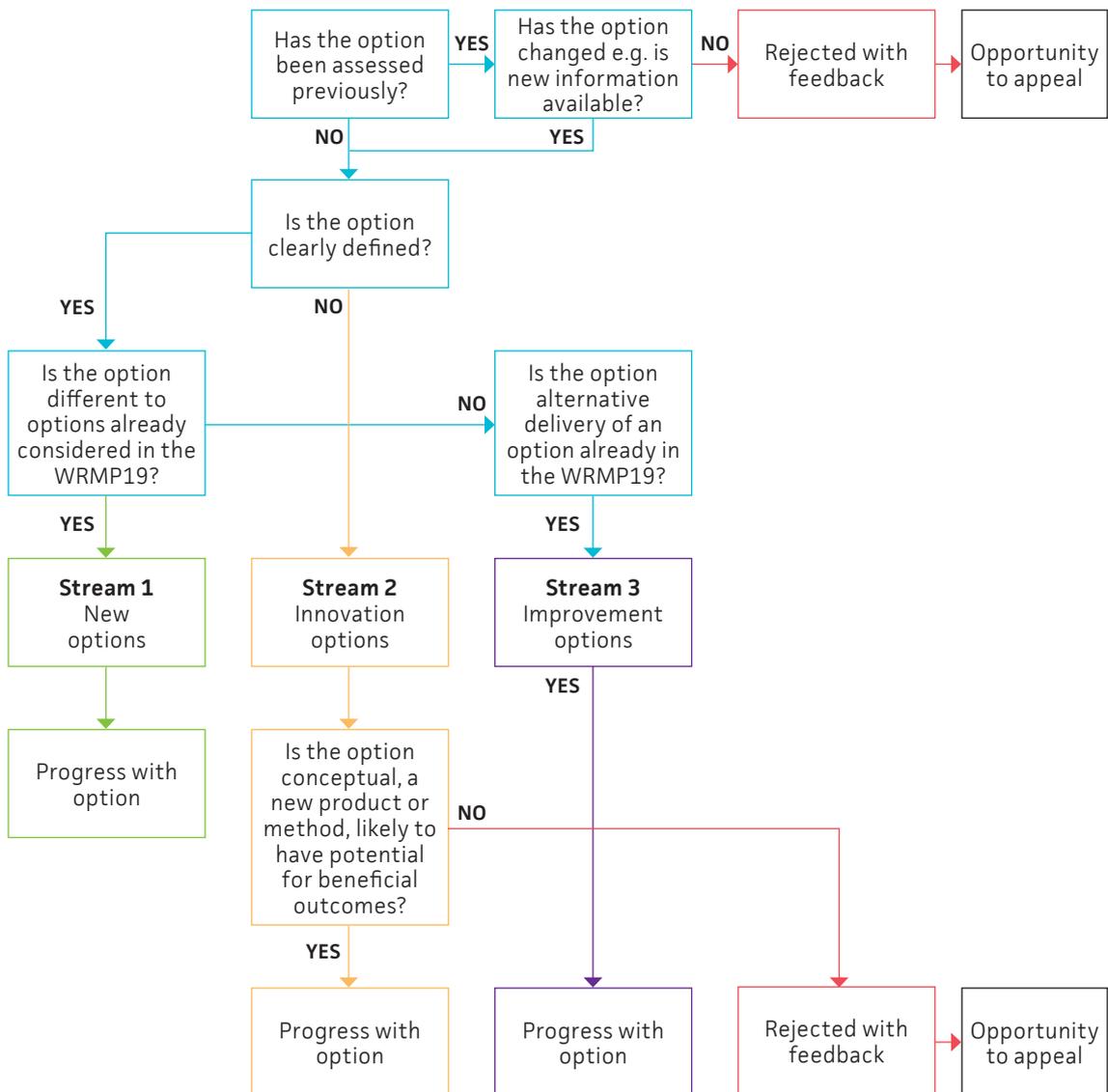
This process will be repeated again in five years' time for the WRMP24. In the meantime, we are keen to explore opportunities for new options to improve the efficiency of and bring greater benefits to our proposed WRMP19 programme.

The Initial Assessment

We recognise that it may be difficult for third parties to provide all the detail required for the appraisal process and have developed our BAF with three option streams to take account of different types of option and levels of development.

At the initial assessment stage we will identify the most appropriate route for assessment and screen out options that we have previously assessed. This process is outlined in Figure 3.

Figure 3 – Initial Assessment Process



Assessment Streams

Options that pass through the initial assessment are then progressed through one of three streams: Stream 1 for new options, Stream 2 for the development of innovative options and Stream 3 for options offering alternative and improved delivery of existing options.

Each stream has clear gateways that options need to pass through to progress, with clearly defined feedback procedures and appeal processes.

Facilitation Fund

To promote an open and accessible process we are also establishing a Facilitation Fund. This fund enables small suppliers to request a financial assistance grant for the development of their options where we can see the potential that such an option will provide a benefit to our customers. The limit of the grant will be assessed against the potential benefit which will be in the form of a financial reward and or resource supplied by South East Water.

This fund is being established outside of the BAF and directions on how to apply will be included with feedback when options are rejected for lack of clear definition.

Feedback and Appeals Procedure

Our appeals process applies to all three Streams and the assessment of which Stream an option belongs to. Our goal is to provide a fair, transparent and objective approach to option evaluation. There are Feedback and Appeals Procedures in Appendix A of this document.

The review of the appeal material will be completed by an individual within South East Water who is independent and has not previously been involved in the assessment. The original assessor will not be consulted during this process in order to maintain impartiality and fairness. The results of the appeal will then be presented to a board for review, to provide assurance of the independence and consistency of the assessment, before being fed back to the third party.

The Feedback and Appeals Procedure for an Option Stream decision is set out in Table 4 in Appendix A.

We see any appeal as an opportunity for us to amend an error, provide more clarity and justification for a decision and to improve our process. We will maintain all appeals documentation and preserve it for a period of seven years. It will be available for inspection by Ofwat if required within that period.

Application of the Bid Assessment Framework

We will apply the BAF to new third party options brought to us during the period April 2019 to March 2023 and consider the impact of these on our overall programme of work as proposed in our WRMP19.

We will commence work to develop our next WRMP for 2024 in spring 2020 and will undertake a comprehensive engagement exercise with the aim of identifying all possible options including those offered by third parties for consideration in our next WRMP. We will review our option appraisal process and the BAF at that time.

Protection of Commercial Information

We recognise the importance of maintaining the confidentiality of commercial information and we will designate a role within the BAF team to oversee aspects related to commercial confidentiality. Our in-house solutions team will have no access to this information.

We will agree with the third party what information should be protected as commercially sensitive. Any request for withholding of information due to perceived commercial sensitivity would be subject to scrutiny. It would not normally be acceptable for all of the information provided to be classed as commercially sensitive as this practice would be too restrictive and some of the information may be freely available in the public domain, or the information could be available from an alternative source. The sort of information which might be classed as commercially sensitive includes pricing information such as rates, personal information such as names of individuals, patent application and customer details.

We will protect the commercially sensitive information with a confidentiality or non-disclosure agreement. This would generally be a Unilateral NDA which protects the bidder only. However, in some cases we may employ a Bilateral agreement or in cases where two or more bidders work together to provide an integrated solution we may employ a Multilateral agreement.

We will put in place procedures to manage commercially sensitive information in relation to digital security of information. Access to electronic hard copy files will be within a secure area with access available only to persons with direct need for evaluation or implementation.

Stream 1: New Options

Introduction

Stream 1 has been developed following the principles that we currently use to assess all new options at the time of developing our WRMP.

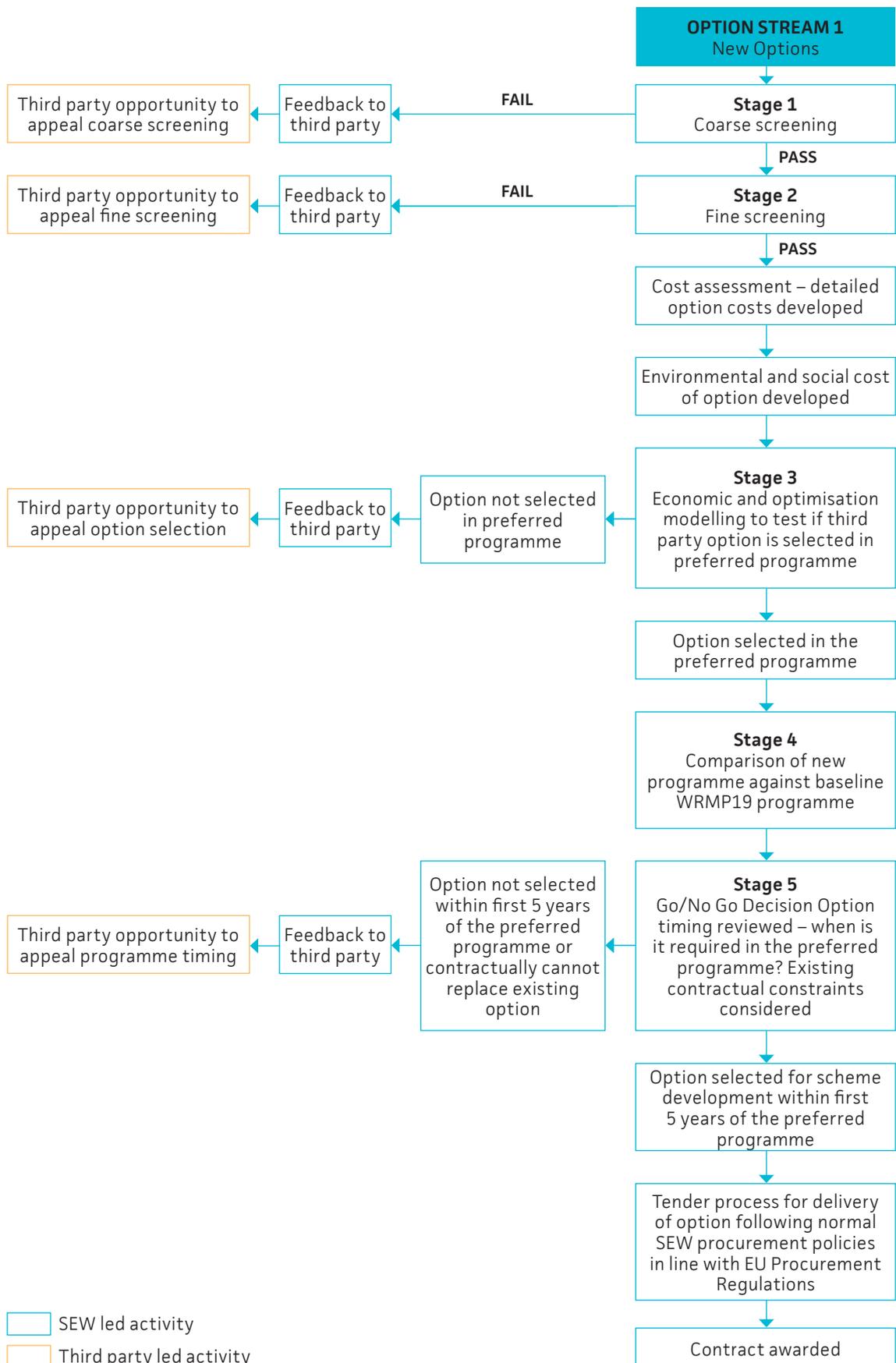
Third party options which pass into Stream 1 following the initial assessment, will be subject to the following staged process:

- **Stage 1:** Coarse screening (equivalent to Stage 2 of WRMP process in Fig. 2)
- **Stage 2:** Fine screening (equivalent to Stage 3 of WRMP process in Fig. 2)
- **Stage 3:** Economic and optimisation modelling (equivalent to Stage 4 of WRMP process in Fig. 2)
- **Stage 4:** Comparison against baseline WRMP19 programme
- **Stage 5:** Go/No Go decision

The process is shown in Figure 4 opposite.

When requested and if appropriate and possible, a team within South East Water (different than the in-house solution team), or an independent consultant, will assist a third party with the completion of any data gaps in the application process.

Figure 4 – Options Stream 1: New Options Process



Stage 1: Coarse Screening

Introduction

Coarse screening involves a high level assessment of the proposed option to identify the potential benefits and the feasibility of delivery. Following coarse screening the more promising options will be taken forward for further consideration. The criteria for coarse screening fall into the following categories:

- resilience
- deliverability
- promotability
- environmental and social acceptability

Once an option has been assessed against the coarse screening criteria the completed Coarse Screening Assessment Form will be provided to the third party.

Coarse Screening Scoring

The assessment questions will be answered in a 'Pass/Fail' format, if an option fails any criteria then it will be rejected. In this way, any option that cannot feasibly deliver a benefit will be identified and those options excluded.

Coarse Screening Assessment Criteria

It is intended that the use of standard assessment criteria will ensure a consistent, independent and efficient approach to the first stage of assessing third party options in Stream 1. The coarse screening assessment criteria are detailed in Table 1 in Appendix A.

Cost

At this early stage of option development accurate costs are unlikely to be available. Therefore, to avoid the risk of feasible options being screened out too early, cost is not considered as part of coarse screening.

Stage 2: Fine Screening

Introduction

Options which pass the coarse screening stage will progress to fine screening. The same set of over-arching criteria that is used for coarse screening will be applied to the fine screening process, i.e. resilience; feasibility/flexibility, promotability and environmental/social acceptability.

Fine Screening Scoring

This process will use a more refined scoring approach compared to coarse screening as laid out in Table 2 in Appendix A. In order to pass fine screening, an option cannot receive any red ratings.

Fine Screening Assessment Criteria

The fine screening criteria are detailed in Table 3 in Appendix A. These explore in more detail aspects of each of the principle areas of assessment considered at coarse screening. As with the coarse screening, the use of standard assessment criteria will ensure a consistent, independent and efficient approach to this second stage of assessing third party options in Stream 1.

Stage 3: Economic and Optimisation Modelling

Introduction

Options which pass fine screening will be considered for inclusion in our overall programme of work. At this stage detailed costings and environmental and social costs will be required in order to complete the economic and optimisation modelling, which informs the programme selection.

This section makes reference to a decision-making process which we apply to option inclusion and prioritisation as outlined in Section 8 of our WRMP19. Rather than repeat that section here, we refer third parties to our WRMP, found at corporate.southeastwater.co.uk/news-info/publications/reviced-water-resources-management-plan-2019.

Modelling criteria

We use an optimisation modelling tool which evaluates all options and identifies the combination of options which perform best against cost and environmental and social scoring. This model was developed by an independent party, it meets the requirements of the EBSD (Economics of Balancing Supply and Demand) methodology, has been peer reviewed, and ensures that all options whether incumbent or third party are treated the same. In this way we identify the best value and best performing programme in terms of total cost (construction cost, replacement cost and operating cost), water resources yield to meet the need and timing.

For options which pass fine screening, details of CAPEX and OPEX costs, yield and environmental and social costs will be entered in to the model. We will work with the third party offering the option to develop the necessary detailed costings for inclusion in the modelling, not least so that the cost base is comparable to that used for our own options.

Stage 4: Baseline Comparison

Introduction

When third party options are selected in the economic and optimisation modelling the resulting programme will then be compared with the baseline programme (WRMP19 programme). If the new programme (including the third party option) is more efficient and or has greater benefits compared to the baseline programme, then that option will be considered for implementation.

All options, even those rejected, remain within the programme calculation tool. As new options are added to the tool, it is possible that this could bring options that were previously rejected at this stage back into the programme.

Stage 5: Go/No Go Decision

Introduction

This part of the process defines whether the third party option will be progressed in the short-term. It is expected that some of the options included within the programme from third parties may form part of the overall 60-year programme of works, but that they are not selected until towards the end of the programme period.

If an option is selected for inclusion in the preferred programme but not within the first five years, then we are unlikely to proceed immediately with implementation. This is because the modelling has identified more beneficial options to progress first. The third party will be informed of this.

Independence of Assessment

The primary purpose of this BAF is to capture and maximise the opportunity afforded by third party options that offer best value to our customers. The assessment process set out is therefore fact based, transparent, and independent of any assessment bias. This is the case with the screening process described on page 15, and likewise for the EBSD model that compares the options.

However, accepting that third parties may be disappointed if their proffered option is not selected, and before finalising such a decision, we will commission a review panel to undertake a final review of the decision not to proceed with any third party option which had otherwise passed successfully through the screening in Stage 2. This review panel will be chaired by a suitably qualified and independent individual that has not been party to the assessment of the incumbent options, in order to maintain an independent view of the third party schemes in question.

Feedback and Appeals Procedure

Third parties will be kept informed throughout the process and there are multiple opportunities throughout Stream 1 where third parties are entitled to appeal against a decision. Third parties will be provided with all relevant information about a decision so they can determine whether they wish to appeal. Any appeal must contain evidence of why it is believed the decision is incorrect and how this would have made a material difference to the outcome of the assessment. For example, if an option failed on two screening criteria, then evidence showing that both assessments were incorrect is required.

The Feedback and Appeals Procedure is set out in Table 5 in Appendix A.

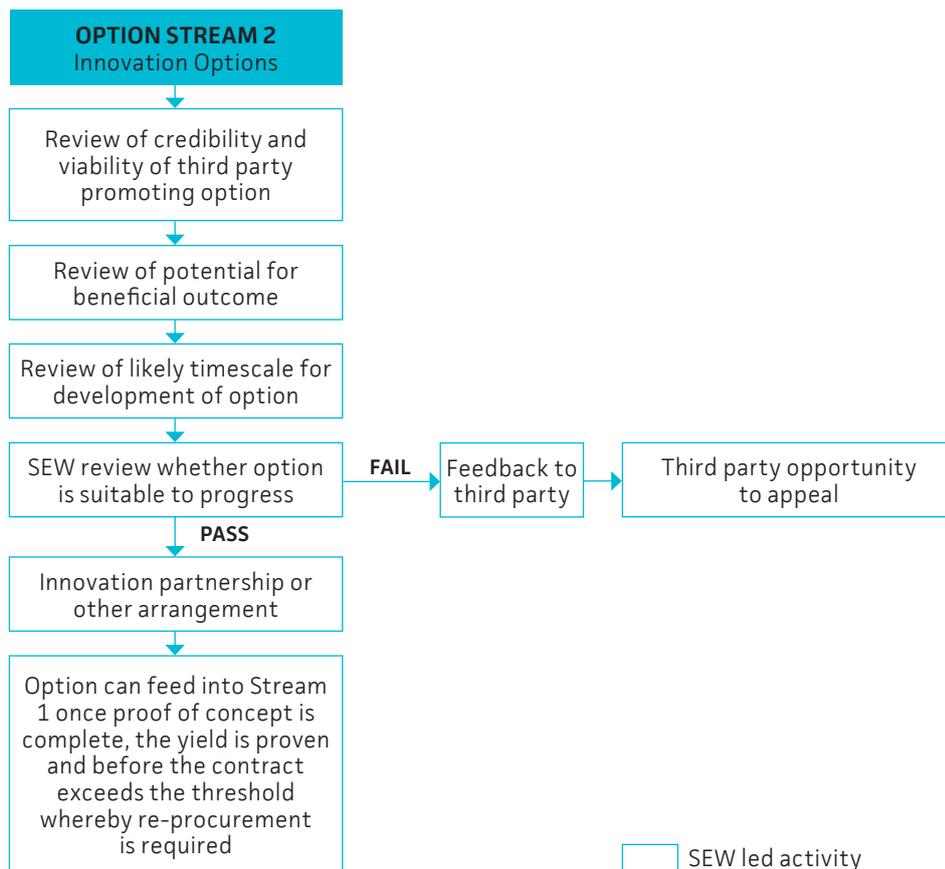
Stream 2: Innovation Options

Introduction

Stream 2 has been developed to account for those options which may be conceptual and more innovative than traditional water resources, leakage and demand management options. Options considered in Stream 2 are not developed sufficiently to be progressed through the screening stages of Stream 1 or to be considered in Stream 3. Therefore, Stream 2 is for new and innovative options which may not yet offer a proven yield, but which are deemed to have a high likelihood of delivering a beneficial outcome.

Third party options which are not well developed as a result of poor detail in the submission, or have a low likelihood of delivering a beneficial outcome will not be dealt with through this stream, and will be filtered out in the initial triage process show in Figure 3. In this event we will work with the third party on how to better define the option, such that it can progress through Stream 1 or Stream 3.

Figure 5 – Stream 2: Innovation Options



Assessment Criteria

Options which fall into Stream 2 are identified at initial assessment. These options are then assessed to see if they are likely to deliver a beneficial outcome in terms of efficiency against our preferred programme or additional benefits such as improved environmental outcome or additional resilience. Timescales to develop the innovation will also be considered in the context of the programme. Additionally, the viability of the third party to deliver the option will be considered.

As some innovative options are less well defined it is difficult to set assessment criteria that determine whether to progress the option or not. However, as our BAF is aimed at increasing innovation and efficiency we will be seeking to explore all options that present a reasonable prospect of a beneficial outcome.

Stream 2 options which are deemed suitable to progress are likely to meet the following thresholds:

- third party promoting the option is credible and viable
- timescales to develop the innovation is less than five years
- there is a good prospect of a beneficial outcome in terms of efficiency or additional benefits to the environment or for resilience

Options that are to be progressed may be taken forward in an innovation partnership or other suitable arrangement. This is outside of the BAF process.

Once a trial or pilot of a proposed option, which may be subject to an Innovation Partnership, is completed and the benefits identified, the option will be processed through Stream 1 or Stream 3.

Facilitation Fund

Third parties whose options are not progressed through this stream and are not suitable for either Stream 1 or Stream 3, may be given details of how to apply for our Facilitation Fund, which will award grants to small suppliers to assist in the development of their options providing we agree that there is merit in doing so.

Feedback and Appeals Procedure

Third parties will be kept informed throughout the process and there are opportunities throughout option Stream 2 for third parties to appeal against a decision. Third parties will be provided with all relevant information about a decision so they can determine whether they wish to appeal. Options which do not align to our business model or with our customer objectives will be refused.

Any appeal must contain evidence of why it is believed the decision is incorrect and how this would have made a material difference to the outcome of the assessment. For example, if an option failed on potential for beneficial outcome then evidence showing that it has the potential for a beneficial outcome is required.

The Feedback and Appeals Procedure is set out in Table 6 in Appendix A.

Stream 3: Improvement Options

Introduction

Stream 3 has been developed to assess those options which represent an alternative and potentially improved delivery approach for an option which is already included in our WRMP19. These are options which third parties propose they can deliver in a more efficient way than is currently included within the WRMP. While it is not required as part of the Ofwat guidance, we reserve the right also to consider propositions from third parties for alternative delivery of activities which sit outside of the BAF, again for leakage, demand management and water resources.

Assessment Criteria

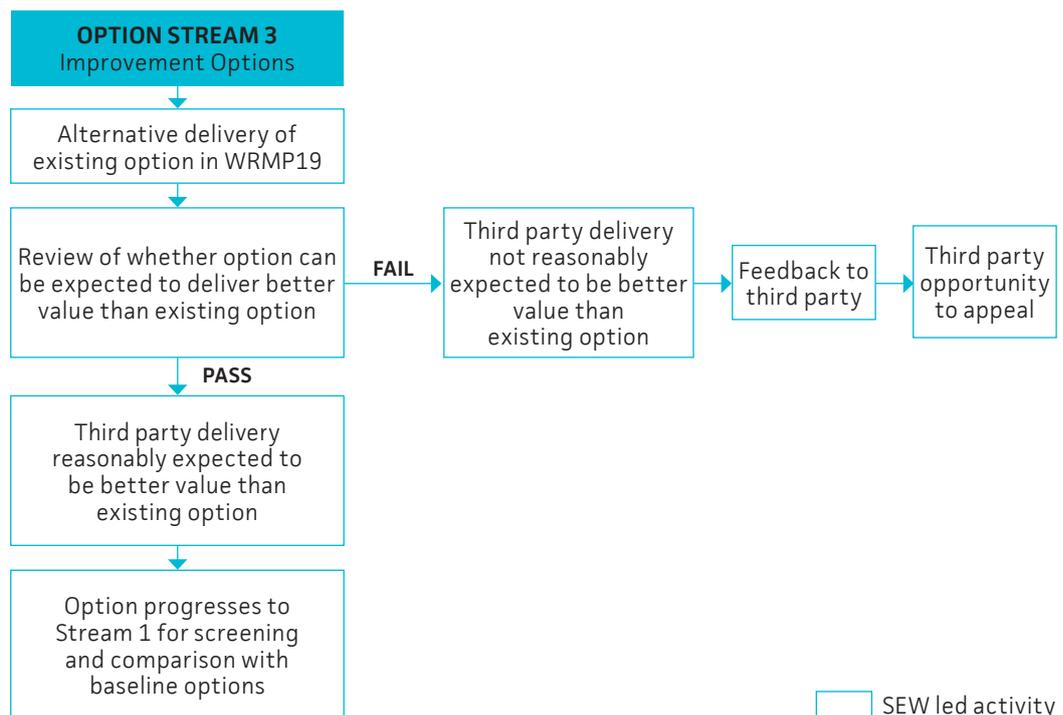
Options which fall into this stream are identified at initial assessment, followed by a stage to review the prospect of this third party option being reasonably expected to be better value than the current or proposed delivery.

Options in this stream which are deemed suitable to progress to procurement with a third party, will then proceed through our normal procurement processes which already exist external to the BAF and which adhere to EU Procurement Regulations.

The process is set out in Figure 6 below.

When requested and if appropriate and possible, a team within South East Water (different than the in-house solution team), or independent consultant will assist a third party with the completion of any data gaps in the application process.

Figure 6 – Stream 3: Improvement Options



Options Not Selected for Delivery

There may be circumstances where we are unable to proceed with an option in Stream 3 such as:

- being contractually obligated to continue with the current delivery
- where the cost to complete using the existing delivery method is a lower residual cost than the alternative approach, given the stage of the project
- where the negative impact on customers or key stakeholders caused by changing approach part way through an existing scheme is deemed to be significant

Feedback and Appeals Procedure

Third parties will be kept informed throughout the process and there are opportunities within option Stream 3 for third parties to appeal against a decision. Third parties will be provided with all relevant information about a decision so they can determine whether they wish to appeal. Options which do not align to our business model or with our customer objectives will be refused.

Any appeal must contain evidence of why it is believed the decision is incorrect and how this would have made a material difference to the outcome of the assessment. For example, if an option failed on expectation of being better value then evidence showing that it will present better value is required.

The Feedback and Appeals Procedure is set out in Table 7 in Appendix A.

Appendix A: Screening Criteria and Appeals Procedure

Table 1: Coarse Screening Assessment Criteria

Resilience	
1. Does the option address the supply-demand problem?	
Does the option deliver benefit in deployable output during a critical period?	Pass / Fail
If there is no deployable output benefit does the option provide added resilience against water availability issues?	Pass / Fail
Is the option resilient to hazards, drought, and climate change?	Pass / Fail
Deliverability	
2. Are any of the risks and uncertainties acceptable and not likely to result in failure of the option?	
Does the option use known and/or reliable technologies?	Pass / Fail
If the option requires land, is it available in terms of ownership and tenure?	Pass / Fail
If the option requires land, is it free from contamination	Pass / Fail
3. Is the option technically feasible?	
Is the option independent of other assets or third parties?	Pass / Fail
Promotability	
4. Is the option likely to be acceptable to the public and/or gain planning consents?	
Is the option acceptable to customers?	Pass / Fail
Are the social benefits greater than the risks?	Pass / Fail
Are planning issues acceptable and unlikely to jeopardise the delivery of the option?	Pass / Fail
If new consents are required are these likely to be acceptable?	Pass / Fail
Is the outcome unlikely to be influenced by other interested parties?	Pass / Fail
5. Is the option consistent with national policy objectives?	
Is the option consistent with other water resource zones and does not present conflicts?	Pass / Fail

Environmental and social acceptability	
6. Is the option compatible with high-level environmental constraints?	
Is water available for abstraction?	Pass / Fail
Is the impact on European sites, SSSIs, priority habitats, site of archaeological interest and is the landscape acceptable?	Pass / Fail
Can the environmental impact be mitigated or offset?	Pass / Fail
7. Are there acceptable impacts on internationally/nationally designated sites, irreplaceable habitats and/or WFD objectives?	
If impacts are not acceptable, can they be agreed with key stakeholders (EA, NE, EFG, etc.) as justifiable for screening out?	Pass / Fail

Table 2: Fine Screening Scoring

Fine Screening			
Promotability, deliverability and resilience factors			
Individual component of criteria		Overall factor	Decision to progress
Major adverse effect	●	High ●	Fail – No mitigation possible ● Not desirable impacts but mitigation are possible although potentially difficult or uncertain – Progress to option costing ●
Minor adverse effect	●	Medium ●	Progress to option costing ●
Neutral/No impact	●	Low ●	Progress to option costing ●
Minor beneficial effect	●		
Moderate beneficial effect	●		
Major beneficial effect	●		
Options assessed as green or amber progress to option costing			

Fine Screening		
Environmental factors		
Individual component of criteria	Overall factor	Decision to progress
Significant adverse effect ●	High ●	Fail – No mitigation possible ●
		Not desirable impacts but mitigation are possible although potentially difficult or uncertain – Progress to option costing ●
Moderate adverse effect ●	Medium ●	Progress to option costing ●
Minor adverse effect ●		
Minor beneficial effect ●	Low ●	Progress to option costing ●
Moderate beneficial effect ●		
Significant beneficial effect ●		
Options assessed as green or amber progress to option costing		

Table 3: Fine Screening Assessment Criteria

Resilience	
Component	Individual criteria
Outages	The option is not vulnerable to failure/ outages caused by flooding, pollution, damage, loss of power supply etc
	The option provides additional resilience (from new option) to outage events at existing sources
Drought	The option improves the resilience of South East Water due to climate change and/or drought conditions
Financial uncertainty	The option is not vulnerable to increasing energy or commodity prices i.e. power and chemical costs
Regulatory changes	The option is not vulnerable to future regulatory and legislative changes such as uncertainty around abstraction reform and changes to water quality standards

Deliverability	
Component	Individual criteria
Flexibility	The option has benefits due to short lead time to deliver option
	The option has phased or incremental delivery
	It is possible to adapt the option once delivered to meet future changes
	The option has benefits due to a short ramp-up time for the option to deliver potable water into the supply
Feasibility	South East Water has experience in delivering similar solutions (technology or construction methodology known to South East Water)
	There is no construction uncertainty due to land availability or contamination risk
	The option is not dependent on existing assets for successful delivery
	There are no major issues with CDM that could change the scope or put at risk the successful delivery of the option
	The technology is tried and tested with the operations department
	The design information is of good quality and gives confidence in the feasibility of option

Promotability	
Component	Individual criteria
Customer preference	The option delivers outcomes that are acceptable to the customer and gain the support of challenge groups
Synergies	There are synergies with other WRZ's, other water companies in the South East or third parties
Acceptability	There are no major issues with regulatory consents or permissions that could change the scope or put at risk the successful delivery of the option
	There are no major local planning issues that could change the scope or put at risk the successful delivery of the option

Environmental and Social Acceptability	
Component	Individual criteria
Biodiversity and fisheries	The option protects and enhances aquatic and terrestrial biodiversity including statutory and non-statutory sites, protected species and fisheries and priority habitats
	There will be no loss of ancient woodland
Landscape and visual amenity	The option protects and enhances valued landscapes and visual amenity
Materials assets and Resource use	The option contributes to improved sustainable energy use and reduced carbon emissions and sustainable use of materials
	The option protects property, agricultural land and strategic assets
The Water environment	The option protects and improves surface and groundwater body status
	The option minimises the risk of flooding
Geology and soils	The option protects and enhances geology and soils
Climate change	Reduce contribution to greenhouse gas emissions. Contribute to environmental resilience to climate change (note different perspective to supply resilience covered below although connected)
Cultural heritage and archaeology	The option protects and enhances cultural heritage and archaeological interests
Human health & Well being	The option protects public health and promotes well being
	The option protects and enhances recreational amenity and public access
	The option contributes to raising awareness of water conservation

Table 4: Appeals Procedure for Option Stream Assignment

Option Stream Assignment Appeals Procedure	
Component	Individual criteria
Information provided to third party	Assignment of option to Stream 1, Stream 2 or Stream 3
Appeal requirement	Third party to provide evidence that the proposed option is more suited to a different Stream
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment

Table 5: Appeals Procedure for Stream 1

Stream 1 Appeals Procedure	
Stage 1: Coarse screening	
Information provided to third party	Coarse screening scoring sheet
Appeal requirement	Third party to provide evidence that an incorrect fail has been awarded to a particular criterion
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	2 weeks
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment
Stage 2: Fine screening	
Information provided to third party	Fine screening scoring sheet
Appeal requirement	Third party to provide evidence that an incorrect R/A/G has been awarded to a particular criterion
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment

Stream 1 Appeals Procedure continued	
Stage 3: Economic and optimisation modelling	
Information provided to third party	Option CAPEX and OPEX, £/Ml, environmental and social costs, delivery timescales
Appeal requirement	Third party to provide evidence that option costs, environmental and social costs or delivery timescales are incorrect
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment
Stage 4: Comparison with baseline programme	
Information provided to third party	For baseline programme and any alternative programme selecting the option: NPV, Ml/d yield of programme, environmental score
Appeal requirement	Third party to provide evidence that an input to the modelling is incorrect
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment
Stage 5: Go/No Go decision	
Information provided to third party	Reason for decision to proceed or not
Appeal requirement	Third party to provide evidence that option should proceed
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment

Table 6: Appeals Procedure for Stream 2

Stream 2 Appeals Procedure	
Company qualifications	
Information provided to third party	Company pre-qualification details
Appeal requirement	Third party to provide evidence that an incorrect disqualification has been provided based on company pre-qualification criteria
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	2 weeks
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment
Option performance	
Information provided to third party	Assessment of beneficial outcomes
Appeal requirement	Third party to provide evidence that an incorrect assessment of the option benefits has been completed by SEW
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment
Development Timescales	
Information provided to third party	Delivery timescales
Appeal requirement	Third party to provide evidence that delivery timescales are incorrect
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment

Stream 2 Appeals Procedure continued	
Overall option suitability	
Information provided to third party	Overall suitability of the option is not adequate
Appeal requirement	Third party to provide evidence that the option provides a beneficial outcome and can be delivered on time and that the third party (and partner or subcontracting company) meet the company terms for pre-qualification
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment

Table 7: Appeals Procedure for Stream 3

Stream 3 Appeals Procedure	
Better value provided by an option	
Information provided to third party	Assessment of the option compared with incumbent option
Appeal requirement	Third party to provide evidence that the proposed option provides better value than the incumbent option
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment
Full tender details better value	
Information provided to third party	Assessment of the option with full tender details compared with incumbent option
Appeal requirement	Third party to provide evidence that the proposed option provides better value than the incumbent option
Timescale for appeal	1 month
Timescale for review of appeal material by SEW	1 month
Independent review	If appeal evidence is not accepted by SEW then third party can request that the independent review panel undertake a further review of the assessment

