

I²EV (My Electric Avenue)

Successful Delivery Reward Criteria 9.2.1

Supporting Guidance for the I²EV (My Electric Avenue)

Novel Commercial Arrangement

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The 'My Electric Avenue' project is the public identity for the Low Carbon Network (LCN) Fund Tier 2 project "I²EV". The formal title "I²EV" is used for contractual and Ofgem reporting purpose.

Project Lead(s):	Project Partners:
 	    

Version History

Date	Version	Authors	Notes	Reference documents
19/04/2013	0.1	RP (EA Technology)	First draft for internal (EA Technology) review.	
22/04/2013	0.2	RP (EA Technology)	First issue for client review.	

Final Approval

Date	Version	EA Technology authorisation by	SEPD authorisation by
30/04/2013	Issue 1.0	Dave A Roberts	Nigel Bessant

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Contents

1. Introduction	2
2. Project Overview.....	4
3. Approach.....	9
4. The I ² EV (My Electric Avenue) Novel Commercial Arrangement.....	11
5. Contract Development - Key Learning.....	19
6. Replicating the Approach.....	20
7. Summary & Successful Delivery Reward Criteria.....	21
Appendix A – References	22
Annex 1 – I ² EV (My Electric Avenue) Management & Delivery Document	23
Annex 2 – Principal Contract Template	24
Annex 3 – Task Order Template.....	25

1. Introduction

a. Purpose

The purpose of this document is to provide the evidence to meet SDRC 9.2.1 as outlined in the Full Bid Submission [Ref. 1] which is as follows:

“Make available the initial contract template used between SEPD¹ and EA Technology together with supporting guidance of the thinking behind key clauses. This will be made available to Ofgem and other DNOs as a starting point for use in future projects”.

The I²EV (My Electric Avenue) Project was conceived and submitted as the Low Carbon Network Fund Tier 2 Project, I²EV.

b. Document Hierarchy

The documents that form the novel commercial arrangement for the I²EV (My Electric Avenue) Project are shown in Figure 1 below. This Figure shows the governance that will be put in place between:

1. EA Technology and SEPD; and
2. EA Technology and the project partners/suppliers.

This document is shown in the purple box and should be read in conjunction with the Principal Contract and Management and Delivery document (See Annexes 1 and 2).

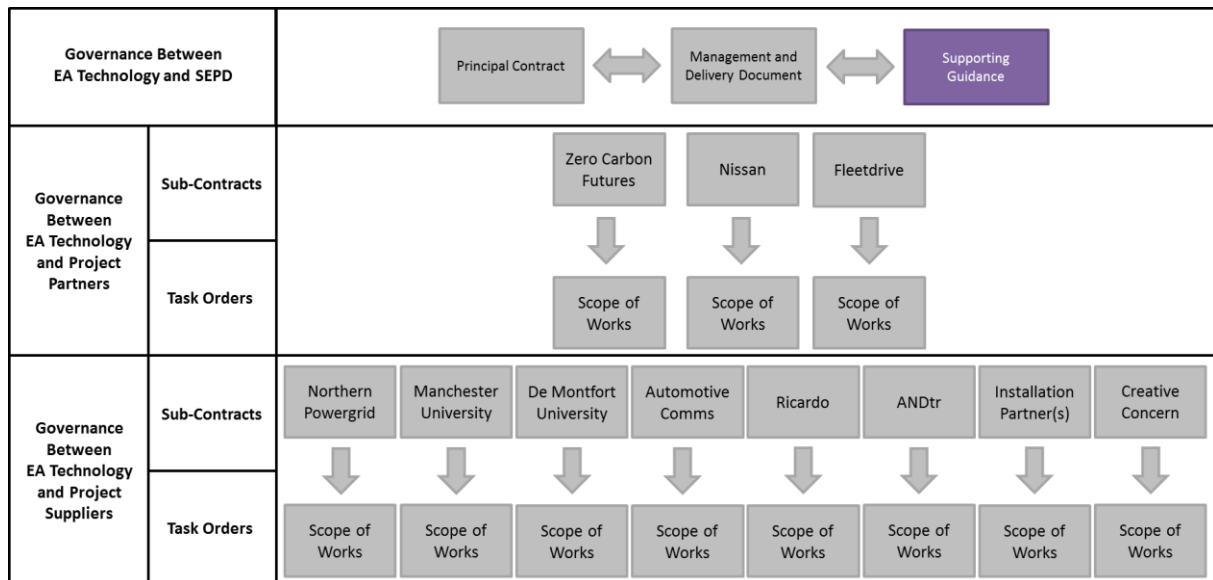


Figure 1 – I²EV (My Electric Avenue) Commercial Structure

¹ The I²EV Project was submitted by and has been contracted with Scottish & Southern Energy Power Distribution’s (SSEPD’s) “Southern Electric Power Distribution” (SEPD) license. For the purposes of this SDRC and any related contractual documents SEPD therefore relates to the licence holder and not the broader network operator.

c. Document Structure

The structure of this document is as follows:

- **Section 2:** Project Overview - Provides the reader with an overview of the project;
- **Section 3:** Approach – Outlines the approach that was taken when developing the novel commercial arrangement;
- **Section 4:** I²EV (My Electric Avenue) Novel Commercial Arrangement – Provides an overview of the arrangement, key decisions made when the arrangement was developed and includes the thinking behind key clauses in the Principal Contract;
- **Section 5:** Contract Development – Key Learning – Outlines key learning points from the development of the novel commercial arrangement;
- **Section 6:** Replicating the Approach – Provides a list of steps that could be taken to replicate the approach outlined in this document as a starting point for future projects; and
- **Section 7:** Summary & Successful Delivery Reward Criteria – Shows how this document meets SDRC 9.2.1.

Supporting Annexes

- Annex 1: I²EV (My Electric Avenue): Management & Delivery Document
- Annex 2: Principal Contract Template
- Annex 3: Task Order Template

2. Project Overview

a. Summary of the Project

The purpose of the Project is twofold:

- Trial a new method of planning and delivering Low Carbon Network (LCN) Fund Tier 2 projects; and
- Trial a method for enabling the future uptake of high load devices such as Electric Vehicles (EVs) on low voltage feeders.

b. Project Aims

The aims of the Project are split into two main categories, which are commercial and technical.

The **commercial** aims of the Project are as follows:

1. Demonstrate delivery of a LCN Fund project by a non-DNO on behalf of a DNO;
2. To develop a novel commercial arrangement;
3. To enable all procurement related to the project activity to be managed by a non-DNO; and
4. Evaluate the extent to which third party delivery accelerates deployment of LCN Fund projects.

The **technical** aims of the Project are as follows:

1. Learn customer driving and charging habits and the implications for control via the Technology;
2. Develop and trial the equipment to ascertain its ease of installation;
3. Develop the integration of the Technology into the EV charging points including how existing intelligence and attributes in charging points can be harnessed to reduce the cost and improve the performance;
4. Evaluate the range of networks where it can operate successfully and identify any type of networks that are inappropriate;
5. Evaluate how often switch off routines are likely to be initiated from real life trials and extrapolation via modelling using the results;
6. Evaluate the most appropriate length of time to switch off charging and how to cycle switches with references for battery management and customer preference and habits; and
7. From the results and extrapolation via modelling, estimate the typical and maximum thermal capacity gained.

c. Commercial Learning

The intended commercial learning outcomes for the overall Project are as follows:

- How are different parties engaged and their work co-ordinated?
 - What is the interface and management process with the DNO?
 - How is 'buy-in' and engagement achieved with a DNO?
 - What is the interface and management process for other manufacturers?
 - How does learning become business as usual when project is non-DNO led?
- What governance structure is required?
 - What learning came out of the bid process?
 - What form are the contracts?
 - How are the risks managed with the DNO?
 - What form does programme management take?
- How is successful deployment achieved?
 - How is expedient deployment achieved – what benefits/disadvantages over a DNO led approach?
 - How are the project and results validated?

Any organisation or individual wishing to learn more of EA Technology or SEPD's experience of the process from bidding to contract award under the Low Carbon Network Fund is encouraged to read the SDRC 9.1 document "Learning from third party delivery of a Tier 2 LCNF project – bid submission process" (28th February 2013), published on the websites of: EA Technology; SSEPD and the Project website: <http://www.myelectricavenue.info/project-library>

d. Project Participants

An overview of the organisations involved in the delivery of the Project is shown in Figure 2 below.

Organisation	Description/Responsibilities
	Ofgem established the Low Carbon Networks (LCN) Fund. The Fund allows up to £500m support to projects sponsored by the distribution network operators (DNOs) to try out new technology, operating and commercial arrangements.
Southern Electric Power Distribution	SEPD are the Lead/Funding DNO and budget holder for the Project. SEPD were responsible for submitting the I ² EV bid to Ofgem and following award signed the Project Direction that was issued by Ofgem.
EA Technology Limited	EA Technology will develop the commercial framework for the Project in partnership with SEPD, provide the Technology for the trials and will be responsible for managing and delivering the Project.
<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; padding: 5px; background-color: #c00000; color: white; text-align: center;">Zero Carbon Futures</div> <div style="border: 1px solid black; padding: 5px; background-color: #c00000; color: white; text-align: center;">Nissan</div> <div style="border: 1px solid black; padding: 5px; background-color: #c00000; color: white; text-align: center;">Fleetdrive</div> </div> <div style="display: grid; grid-template-columns: repeat(4, 1fr); gap: 5px;"> <div style="border: 1px solid black; padding: 5px; background-color: #663399; color: white; text-align: center;">Automotive Comms</div> <div style="border: 1px solid black; padding: 5px; background-color: #663399; color: white; text-align: center;">Installation Partner (TBC)</div> <div style="border: 1px solid black; padding: 5px; background-color: #663399; color: white; text-align: center;">Northern Powergrid</div> <div style="border: 1px solid black; padding: 5px; background-color: #663399; color: white; text-align: center;">Creative Concern</div> <div style="border: 1px solid black; padding: 5px; background-color: #663399; color: white; text-align: center;">Ricardo</div> <div style="border: 1px solid black; padding: 5px; background-color: #663399; color: white; text-align: center;">Manchester University</div> <div style="border: 1px solid black; padding: 5px; background-color: #663399; color: white; text-align: center;">De Montfort University</div> <div style="border: 1px solid black; padding: 5px; background-color: #663399; color: white; text-align: center;">ANDtr</div> </div>	The project partners (shown in the red boxes), suppliers (shown in the purple boxes) will work in partnership with EA Technology to deliver agreed packages of work for the I ² EV project.

Figure 2 - Project Participants

Further information on the roles and responsibilities of the organisations listed in Figure 2 can be found in the I²EV (My Electric Avenue) Management and Delivery Document (See Annex 1).

e. Terminology

The following terminology is used throughout this document:

- **Lead/Funding DNO:** Southern Electric Power Distribution (SEPD) is the Lead/Funding DNO for the Project. The responsibilities of the Lead/Funding DNO include: 1) Providing access to the two network areas in the UK operated by SSEPD for undertaking trials, 2) Liaising between EA Technology and Ofgem, 3) Fulfilling the role of project treasurer, and 4) Providing project management support, particularly in ensuring the project is delivered in accordance with the project direction and regulatory and legislative requirements;
- **3rd Party Lead Supplier:** EA Technology is the 3rd Party Lead Supplier for the Project. The responsibilities of the 3rd Party Lead Supplier are as follows: 1) Providing the technology for the trials, 2) Project management and project delivery, in accordance with project direction and regulatory and legislative requirements and 3) Partner/Supplier liaison;
- **Project Partner:** Project Partners are organisations providing a level of ‘in-kind’ contribution to the delivery of the Project. This can include resources through the provision of staff time, materials or equipment which the Project will not be invoiced for; and
- **Project Supplier:** Suppliers are Parties providing input to the Project but without any level of ‘in-kind’ support, instead being contracted and reimbursed for all staff time, materials and equipment.

f. Typical Tier 2 LCN Fund Commercial Structure

Figure 3 below outlines the typical commercial structure for a Tier 2 LCN Fund project.

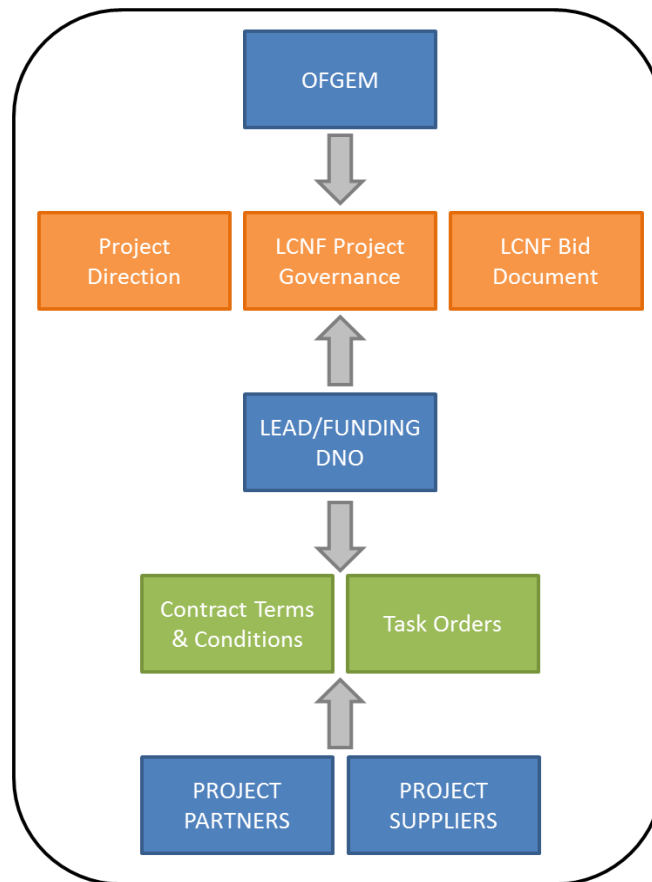


Figure 3 – Typical LCN Fund Tier 2 Commercial Structure

Figure 3 shows the following:

- The main organisations involved with the Project: Ofgem, Lead/Funding DNO and project partners/suppliers in the blue boxes;
- The key documents that define the governance and scope of works for the Project in the orange boxes; and
- The typical commercial agreements that exist between the Lead/Funding DNO and the project partners/suppliers in the green boxes.

The commercial structure for the I²EV (My Electric Avenue) Project differs from the typical Tier 2 LCN Fund commercial structure as it allows a 3rd party organisation to lead and manage the delivery of a Tier 2 LCN Fund project in partnership with a Lead/Funding DNO.

g. I²EV (My Electric Avenue) Commercial Structure

Figure 4 below shows an overview of the commercial structure for the I²EV (My Electric Avenue) Project.

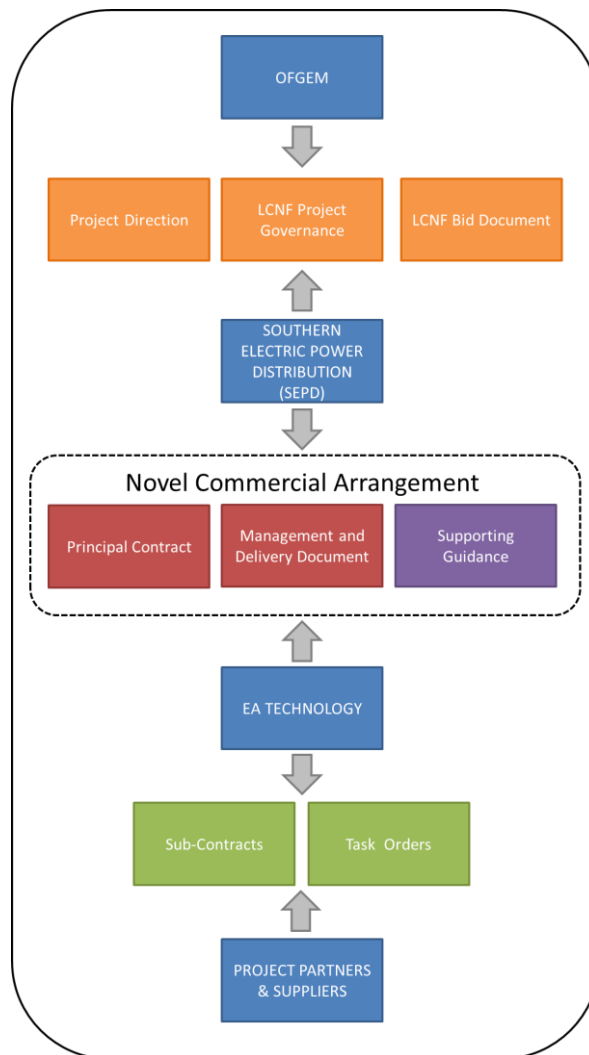


Figure 4 – I²EV (My Electric Avenue) Commercial Structure

Figure 4 shows the following:

- The same documents exist between Ofgem and the Lead/Funding DNO (orange boxes);
- Two new documents have been created that define the contractual and working relationship between the Lead/Funding DNO and the 3rd Party Lead Supplier (red boxes);
- This document that provides supporting guidance is shown in the purple box; and
- The sub-contracts and Task Orders that define the contractual relationship and scope of works for each partner/supplier in the green boxes. The key difference between the typical Tier 2 LCN Fund project commercial structure and the I²EV (My Electric Avenue) Project is that these contractual documents sit between the 3rd Party Lead Supplier and the project partners/suppliers rather than the DNO and the project partners/suppliers.

3. Approach

a. Overview

The approach taken to develop the novel commercial arrangement was as follows:

- Identify the key personnel responsible for developing the novel commercial arrangement;
- Identify the list of documents that define the obligations that need to be met either by the Lead/Funding DNO or the 3rd Party Lead Supplier;
- Agree the high level structure of the novel commercial arrangement;
- Review the list of documents that define the obligations that need to be met by the Lead/Funding DNO and 3rd Party Lead Supplier and agree the distribution of responsibilities; and
- Draft, review and approve the documents required to meet the requirements of the novel commercial arrangement.

b. Personnel

A key team of four personnel were responsible for the development of the novel commercial arrangement. In each organisation, SEPD and EA Technology, two personnel from each organisation were identified to complete the following roles:

- **Commercial Manager:** The commercial managers in each organisation were jointly responsible for the development of the novel commercial arrangement; and
- **Legal Support:** Provided legal advice for the development of the novel commercial arrangement.

The Commercial Managers met on a weekly basis to discuss and review progress of the development of the novel commercial arrangement and regular meetings were held with senior management from both organisations to review/agree the proposed approach and report on progress.

c. Key Principles

The following key principles were used when developing the novel commercial arrangement. The novel commercial arrangement must:

- Enable a 3rd Party to be responsible for the overall management and delivery of the Project;
- Enable all the obligations that are met by the DNO in a standard Tier 2 LCN Fund project to be reflected and met by the novel commercial arrangement;
- Be transferable and be used as a starting point for future Tier 2 LCN Fund projects; and
- Enable the fair distribution of risk (and reward) between the Lead/Funding DNO and 3rd Party Lead Supplier.

It is important to note that commercial innovation will be delivered by the novel working relationship between the Lead/Funding DNO and the 3rd Party Lead Supplier. This relationship is documented in the Principal Contract [Ref. 2] and Management and Delivery document.

d. Document Review

The purpose of the document review was to identify the regulatory and legislative obligations that needed to be met by both the Lead/Funding DNO and the 3rd Party Lead Supplier and agree the distribution of responsibilities between SEPD and EA Technology. The distribution of responsibilities is outlined in the I²EV (My Electric Avenue) Management and Delivery Document (See Annex 1).

Table 1 below outlines the full list of documents that were considered as part of the document review process. Table 1 also shows the type of review that was complete (high level or detailed) and the documents that were discounted from the review process.

Table 1 – Document Review List

Document	Review Type	Responsibility For Review/Comment
LCN Fund Governance Document [Ref. 3]	Detailed Review	EA Technology
I ² EV (My Electric Avenue) Project Direction [Ref. 4]	Detailed Review	EA Technology
Electricity Act [Ref. 5]	No review completed	It was agreed that the obligations in this document reside with the DNO.
Utilities Act [Ref. 6]	No review completed	It was agreed that the obligations in this document reside with the DNO.
SEPD License [Ref. 7]	High Level Review	SEPD Regulation Team
Guaranteed Standards of Performance for Electricity Distribution [Ref. 8]	High Level Review	SEPD
Relevant Electricity Codes	High Level Review	SEPD
Relevant Distribution Codes	High Level Review	SEPD
Relevant DNO business processes	High Level Review	SEPD

A spread sheet was set up to record the results of the document review. Where a detailed review was completed the spread sheet included all the information in the relevant document. This enabled the responsibilities outlined in the documentation to be distributed to individual or multiple project participants.

The criterion used to identify the distribution of responsibilities was as follows:

- Is this clause/paragraph relevant to a Tier 2 LCN Fund Project?
- If the clause/paragraph is relevant to a Tier 2 Project how can it be categorised? For example: Finance, Management, change control etc.
- Is this clause/paragraph relevant to the I²EV (My Electric Avenue) Project?
- If the clause/paragraph is relevant to the I²EV (My Electric Avenue) Project why is it relevant?
- If the clause/paragraph is relevant to the I²EV (My Electric Avenue) Project where should it be covered (Principal Contract or the Management and Delivery document)?
- Which organisation(s) are responsible for meeting the defined obligation in the relevant clause/paragraph?

4. The I²EV (My Electric Avenue) Novel Commercial Arrangement

a. Commercial Structure for the I²EV (My Electric Avenue) Project

The commercial structure for the I²EV (My Electric Avenue) Project differs from the typical Tier 2 LCN Fund project structure as it allows a 3rd party organisation to lead the delivery of a Tier 2 LCN Fund project in partnership with a Lead/Funding DNO. The documents that form the novel commercial arrangement for the I²EV (My Electric Avenue) Project are shown in Figure 5 below. This document is shown in the purple box.

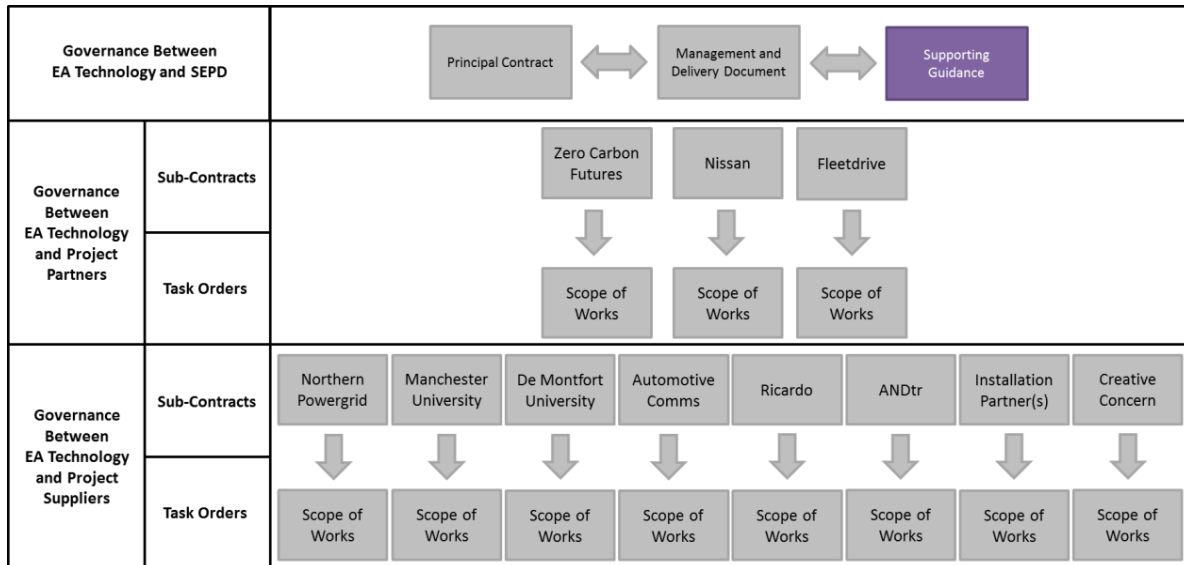


Figure 5 – Recap of the I²EV (My Electric Avenue) Commercial Structure

Figure 5 includes the following documents:

- **Principal Contract:** Defines the contractual relationship between SEPD and EA Technology;
- **Management & Delivery Document:** Defines the working relationship and distribution of responsibilities between SEPD, EA Technology, the Project Partners and the Project Suppliers;
- **Supporting Guidance Document:** This document is highlighted in the purple box;
- **Sub-Contracts:** Define the contractual relationship between EA Technology and the Project Partners and Suppliers; and
- **Task Orders:** Define the scope of works for each Project Partner/Supplier in line with the Full Bid Submission.

Templates for the Principal Contract and the Task Orders that were used for the project partners and suppliers are provided in Annex 2 and 3 respectively. The Principal Contract and Management and Delivery document were developed to complement each other. The Principal Contract template was used as a basis for the sub-contract for each partner/supplier to ensure the same contractual conditions were utilised for all partners/suppliers.

b. Decisions Log

A log of key decisions was kept throughout the development of the novel commercial arrangement. The key decisions that influenced the development of the novel commercial arrangement are listed in Table 2 below. It was agreed that:

Table 2 – Decisions Log

Decision	Reasoning
A Memorandum of Understanding (MoU) would be developed and signed off by all project participants.	A MoU provides confidence that the restrictions regarding the delivery of the Project with the Project Partners/Suppliers, as defined in the Project Submission and Project Direction, will be met i.e. the organisations identified at bid stage are still committed to the Project.
EA Technology should be responsible for identifying the distribution of responsibilities from the LCN Fund Governance Document and Project Direction.	EA Technology is responsible for the overall management and delivery of the Project. As a result, EA Technology needed to ensure the correct management procedures were put in place and that the procedures were in line with the requirements of the LCN Fund Governance document and the Project Direction.
SEPD should be responsible for identifying the distribution of responsibilities from the relevant legislation and regulatory documents listed in the Document Review (See Section 3).	SEPD is the License holder and Lead/Funding DNO. As a result, SEPD needed to ensure the obligations that are defined in the relevant regulation and legislation were communicated to and where relevant responsibility was reflected in obligations on the 3 rd party Lead Supplier, Project Partners and Project Suppliers.
EA Technology should be responsible for writing the Management & Delivery Document.	EA Technology is responsible for the overall management and delivery of the Project and as a result it was agreed that they would be responsible for writing this document.
SEPD should be responsible for writing the Principal Contract.	SEPD submitted the Bid to Ofgem and signed the Project Direction. As a result, SEPD needed to ensure that the relevant information was captured in the Principal Contract to make sure the risks of delivering a project with a 3 rd Party Lead Supplier were captured.
Both the Principal Contract and Management and Delivery documents should be developed in tandem with regular communications between the respective commercial managers.	The documents that define the contractual and working relationship between SEPD and EA Technology needed to complement each other.
The sub-contacts should be based on the Principal Contract.	Both SEPD and EA Technology needed to ensure that the same contractual conditions were applied to all Project Partners and Suppliers. This means that the obligations under the project direction are seamlessly applied to all partners/suppliers.

Task Orders will be issued to all Project Partners/Suppliers.	EA Technology needed to ensure that there was a common understanding of the scope of works for each Project Partner/Supplier and that the scope of works was in line with the Full Bid Submission.
Task Orders would not have to be signed, approved or agreed by SEPD.	EA Technology is responsible for managing and delivering the Project. As a result, EA Technology must be solely responsible for all procurement. This is in line with the Full Bid Submission.
A review of the identified documents was required.	If a review of the relevant documents was not completed neither SEPD nor EA Technology could be sure that the specific obligations that needed to be met for this Project had been captured.
If any conflict(s) were identified between the LCN Fund Governance document, Principal Contract and Management and Delivery Document the LCN Fund Governance document would take precedence over the Principal Contract and the Principal Contract would take precedence over the Management and Delivery Document.	Any conflict between the LCN Fund Governance document, Principal Contract and Management and Delivery documents could be resolved.
A detailed review of all the relevant regulation and legislation was not required.	The personnel selected to complete the review had a good working knowledge of the relevant regulation/legislation and were provided with an overview of the Project. As a result, a detailed review was not required.
There should be a clear split between the information delivered in the Principal Contract and Management and Delivery Document. For example, finance would be covered in the Principal Contract.	Having a clear split between the documents reduces the likelihood of conflict.
A single contract would be signed with SEPD. Note: SEPD will perform multiple roles within the Project. One at the management level in terms of delivery and communications with Ofgem and the other at the project level providing access to the network for technical trials.	The dependencies at the project level could be provided as an appendix to the Principal Contract so there was no need to sign two contracts.

c. Principal Contract

Table 3 outlines the thinking behind some of the key clauses in the Principal Contract. For the purpose of this document key clauses are defined as:

- 1) Clauses that highlight the partnering approach taken throughout the development of the novel commercial arrangement; or
- 2) Clauses that cover topics that are seen as key agreements or points of note that need to be taken into consideration if another DNO wants to replicate the approach taken on another Tier 2 LCN Fund project.

As per the Principal Contract the terms customer and supplier are defined as follows:

- **Customer:** means the company within the Customer’s Group of Companies as specified in this Agreement which has engaged the Supplier to provide a System or perform the services in accordance with the terms and conditions of this Agreement; and
- **Suppliers Team:** means all employees, consultants, agents and subcontractors which it engages in relation to the Project.

The text for each clause in Table 3 below has been taken directly from the Principal Contract. Therefore any references within these clauses relate to the Principal Contract rather than this document.

Table 3 – Thinking Behind Key Clauses

Number	Clause	Comment
3.1	<p>The following documents shall be read as one and shall constitute the entire agreement between the parties with respect to the Project (the “Agreement”) and shall prevail over and supersede all prior agreements, understandings, statements, commitments and communications between the parties, whether written or oral. In the event of any inconsistency or ambiguity within the Agreement, the order of precedence shall be as follows:-</p> <ol style="list-style-type: none"> (a) The LCN Fund Governance Document; (b) Project Direction; (c) This Form of Agreement; (d) Management and Delivery Document (Annex 1); (e) all other Appendices; (f) Any supplementary agreements entered into pursuant to Clause 5 below. 	<p>This clause sets the order of precedence for the LCN Fund Governance document, Principal Contract and Management and Delivery document.</p>

7.2	The parties acknowledge that the Project Direction may be amended or revoked. Any such amendment shall be processed in accordance with the Change Request mechanism detailed in Appendix C [of the Principal Contract - Annex 2]. In the event of revocation of the Project Direction or any part thereof the Customer shall have the right to revoke the associated deliverable(s) under this Agreement and the Supplier shall only be entitled to recover costs incurred in connection with the Project up to and including the date of such amendment or revocation to the extent that the Customer is able to recover the same from the Authority. This shall be the Supplier's sole right in respect of any such amendment or revocation.	This clause covers the change control process.
7.3	In the event that any of the events described in paragraphs 3.110 to 3.114 of Section Two of the LCN Fund Governance Document occurs, the Supplier shall work with the Customer and the Authority to seek a resolution such that the project under this Agreement may continue. In any case the Supplier shall only be entitled to recover costs incurred in connection with the Agreement up to and including the date upon which such event occurs to the extent that the Customer is able to recover the same from the Authority. This shall be the Supplier's sole right in respect of any such event.	This clause covers the halting of projects in line with the LCN Fund Governance document (v6).
8.1	The prices payable to the Supplier shall not exceed the total stated in the Project Direction and shall not be subject to variations unless specifically agreed in a Change Request. The maximum amount of Discretionary Funding that the Customer as Funding DNO can request as additional funding for cost overruns of the project is £X. For work to be undertaken by the Customer, payment shall not be made to the Supplier to subsequently be provided back to the Customer.	This clause outlines the total project budget and what the limits are when requesting additional budget for cost overruns.
8.5	The Customer, in accordance with the Project Direction, is required to provide a DNO Compulsory Contribution. The value of the DNO Compulsory Contribution applicable to this Agreement is £X. The Supplier shall cover X% (£X) of the DNO Compulsory Contribution ("the Supplier Compulsory Contribution.") The Supplier Compulsory Contribution shall be paid into the Project bank account in twelve equal instalments to the Customer on a monthly basis in the first year of this Agreement, first payment to be made upon the Commencement Date. For avoidance of doubt failure to make any of the twelve Supplier Compulsory Contribution payments shall be deemed breach of a material term and may be progressed in accordance with Clause 20.1 (Rights and obligations on termination).	This clause defines how the compulsory contribution will be split between the Lead/Funding DNO and 3 rd Party Lead Supplier and what the process is if the 3 rd Party Lead Supplier fails to make their payments. VAT will not be added to this contribution as no service has taken place. All delivery work will be invoiced by the 'normal' route, and will incur VAT.

9.2	Payments in accordance with this Agreement will be made 14 days after receipt of a correct invoice. Correct payments shall be those payments in accordance with the provisions of the Management & Delivery Document or Purchase Order or Change Request (as the case may be). Where the Supplier has not invoiced the Customer within 12 months of the date in which the relevant payment was due, the Customer shall have no obligation to pay that individual payment and the Supplier's right to require payment shall cease.	Payment terms of 14 days were agreed. This enabled the 3 rd Party Lead Supplier to agree standard payment terms of 30 days with the Project partners/suppliers. In doing so, this reduces the cash flow risk to the third party and any of its subcontractors.
13.1	The Supplier shall provide all personnel necessary for the performance of the Agreement. In the event that the Supplier requires to add to or replace a member of the Supplier identified at Appendix B of the Management & Delivery Document for unforeseen reasons, the Supplier will provide the Customer with alternative staff for its approval which must be someone of equal or greater calibre whom (if acceptable to the Customer) will complete the task. The Customer may at its absolute discretion request the removal of the aforesaid personnel assigned to this project in which instance the Supplier will use reasonable endeavours to replace such personnel with someone of equal or greater calibre whom (if approved by the Customer) will complete the task.	This clause enables the Lead/Funding DNO to approve changes in staff on the core project team of the 3rd Party Lead Supplier. It also enables the 3rd Party Lead Supplier to approve changes in staff for each partner/supplier.
16.3	All Background Intellectual Property is and shall remain the exclusive property of the party owning it (or, where applicable, the third party from whom its right to use the Background Intellectual Property has derived).	Enables the 3 rd Party Lead Supplier to keep hold of the background IPR that relates to the development of the Technology.
21.2	The maximum amount of SDRC reward the Supplier shall be eligible for is the value of the Supplier Compulsory Contribution (£X).	Confirms the maximum value of the SDRC reward the 3 rd Party Lead Supplier can receive for delivery and acceptance of all SDRCs.
21.7	Work performed under this Agreement may at the Authority's discretion be eligible for a Discretionary Reward. Should the Authority award a Discretionary Reward and identify that such reward has been made against this Project that shall be split XX:XX between the Customer and the Supplier.	Details how any discretionary reward would be split.
Appendix D	Dependencies	Outlines the actions the Lead/Funding DNO needs to complete in order to enable the 3 rd Party Supplier to fulfil their role.

Appendix F 1.3	The Supplier shall ensure when visiting a Public Customer that the Public Customer is offered an appointment during the morning or afternoon within a two hour time band. If the Supplier fails to make or keep an appointment then a fee of £22 shall be payable by the Supplier directly to the Customer should the Public Customer claim such fee and the Supplier shall remain responsible for completing the [relevant] deliverables specified in the Management & Delivery document irrespective of such failure.	As defined in the Guaranteed Standards of Performance for Electricity Distribution.
Appendix F 1.4	The Supplier shall ensure that any Supplier Representative visiting a Public Customer possess the necessary skills to perform the required function and must be fit and proper to perform the services with no criminal record and acceptably attired for the services being performed. Acceptability attired shall mean that they must be easily identifiable as a representative of the Supplier carrying an identity card specifying Supplier's name, the Supplier Representative's name and a colour photograph of the Supplier Representative. Where possible, as appropriate, the Supplier Representative will wear Supplier/Project branded clothing and travel in a branded vehicle to aid with identification. A password may be utilised for further identification if that is the Public Customer's preference.	As defined in Condition 9 of the Standard Electricity Distribution License conditions.
Appendix F 1.6	Should the Supplier need to switch off power to either a Public Customer or Business Customer then the Supplier shall provide them with at least two days' notice of such event. Should the Supplier fail to give two days' notice or turn off electricity on a different date then the Public Customer or Business Customer shall be entitled to claim £22 or £44 respectively within 1 month of such failure. If claimed the Supplier shall refund such monies to the Customer and the Supplier shall be responsible for ensuring all deliverables under the Management & Delivery document are still met within the funding granted under the Project Direction notwithstanding such refund.	As defined in the Guaranteed Standards of Performance for Electricity Distribution.

d. Management and Delivery Document

In terms of the novel commercial arrangement the key sections of the Management and Delivery document are as follows:

- **Section 4, Project Management:** This section identifies the project team, key communication channels, how the project will be managed and what the approvals process will be for all Project deliverables; and
- **Section 5, Distribution of Responsibilities:** Is the core section of this document as it defines the working relationship between SEPD and EA Technology. This distribution of responsibilities is bespoke to the I²EV (My Electric Avenue) Project. The document review process enabled the distribution of responsibilities to be determined and agreed between SEPD and EA Technology. The output is a concise list that identifies the distribution of responsibilities under the following headings: Management, Communication, Deliverables, Finance and Dependencies.

The above sections of the Management and Delivery document along with the Principal Contract template in Annex 2 fulfil the related learning objectives for SDRC 9.2, as outlined in the Full Bid Submission, which are as follows:

- Learning outcome C1.2.2 - what form are the contracts?
- Learning outcome C1.2.3 - how are the risks managed with the DNO?
- Learning outcome C1.2.4 - what form does the programme management take?

Further information on SDRC 9.2 is provided in Section 7.

5. Contract Development - Key Learning

The learning that can be taken from the development of the novel commercial agreement is as follows:

- a. Taking a partnership approach is vital to the success of the project. The commercial structure for the Project is not a typical client supplier relationship and this needs to be recognised in both the attitude/behaviour of all project participants and in the novel commercial arrangement, where there is a need for regulatory and legal obligations to be reflected throughout the chain to ensure compliance;
- b. Whilst it would be feasible for one organisation to develop both the Principal Contract and Management and Delivery document it is recommended that the division of responsibilities reflects the partnering approach that has been adopted. In addition, if one organisation was responsible for completing both documents it is likely to increase the amount of time taken to develop the novel commercial arrangement;
- c. Initially when the document review process was being completed the focus was on apportioning risk between the Lead/Funding DNO and the 3rd Party Lead Supplier. The key purpose of the document review is to identify all the obligations that would need to be met by a DNO if they were leading the Project as per the typical commercial structure for Tier 2 LCN Fund projects and then agree the distribution of these obligations under the novel commercial arrangement. Utilising the term 'distribution of responsibilities' enables this process to be separated from the identification and management of project risks;
- d. The document review process enabled Lead Funding DNO and 3rd Party Lead Supplier to agree not only the distribution of responsibilities but also agree which topics should be covered in the Principal Contract and Management and Delivery document. This helped to ensure that both these documents complement each other and did not overlap;
- e. A detailed review is not necessarily required for all the documents that are on the document review list and not all the documents need to be reviewed. If the relevant teams within the DNO can be briefed on the scope of works for the Project then they can use their existing knowledge of the relevant regulation to identify the key topics that are relevant to the scope of works for the Project. If the Lead/Funding DNO is deemed to be responsible for meeting all the obligations defined in specific documents then these documents do not need to be reviewed; and
- f. Issuing the final revisions of the Principal Contract, Management and Delivery document and Supporting Guidance for review/approval in unison enabled the reviewers to get the full picture of the novel commercial arrangement and speeded up the review process.

6. Replicating the Approach

The recommended steps that should be taken to replicate this approach as a starting point for future projects are outlined in Table 4 below.

Table 4 – Replicating the Approach

Step	Action
Step 1	Assess the level of resource required to develop the commercial structure, identify the key personnel that will be required from both organisations to develop the commercial structure and ensure that the identified personnel have the time required to develop the commercial structure.
Step 2	Agree which organisations are responsible for taking the lead in developing the Principal Contract and the Management and Delivery document.
Step 3	In addition to the Project Direction and LCN Fund Governance document identify the full list of documents that should form part of the document review list. The relevant documents should be utilised to define the distribution of responsibilities. As part of this process reasons why specific documents have been discounted from the review list should be recorded.
Step 4	Agree which organisations are responsible for reviewing each document as part of the document review process.
Step 5	Assess the document review criteria that were used to develop the novel commercial arrangement for the I ² EV (My Electric Avenue) Project, modify them if required and complete the document review utilising the same criteria for each document.
Step 6	Check the outputs from the document review process and ensure that both the Lead/Funding DNO and the 3 rd Party Lead Supplier agree with the distribution of responsibilities.
Step 7	Agree how the Principal Contract and Management and Delivery document will be developed to complement each other. For example, the document review can be used to identify which topics will be covered by each document.
Step 8	Hold regular meetings between the individuals responsible for developing the novel commercial arrangement. This will help to ensure that the development of both documents in parallel by different parties will complement each other when completed.
Step 9	Circulate early draft revisions of each document between relevant personnel in both organisations. This will enable potential problems/issues to be picked up early on in the review process.
Step 10	Agree the document approval process for the novel commercial arrangement.
Step 11	Complete the document review with the relevant personnel in each organisation. Update the documents following the review and issue to them to be signed by the relevant personnel.

7. Summary & Successful Delivery Reward Criteria

The full SDRC 9.2 criterion is outlined in Table 5 below.

Table 5 – SDRC 9.2

<p>Criterion 9.2</p> <p>Focus: Commercial The blueprint of the contractual arrangements put in place with the DNO for a third party lead on a LCN Fund Tier 2 project.</p> <p>Related learning: Learning outcome C1.2.2 - what form are the contracts? Learning outcome C1.2.3 - how are the risks managed with the DNO? Learning outcome C1.2.4 - what form does the programme management take?</p> <p>Related Task: 0 - Novel commercial agreement Related commercial aims: The commercial aims are to: - Develop a novel commercial arrangement; and - Enable all procurement related to the project activity to be managed by a non-DNO.</p> <p>Evidence 9.2 9.2.1 Make available the initial contract template used between SEPD and EA Technology together with supporting guidance of the thinking behind key clauses. This will be made available to Ofgem and other DNOs as a starting point for use in future projects (available by end of month 4). 9.2.2 Review of the contract put in place between SEPD and EA Technology. A review of the initial contract developed in 9.2.1 focussing on what worked well, what didn't work well, and what should be done differently in the future (month 34). 9.2.3 An updated contract template taking into account learning from 9.2.2 (month 36).</p>

As outlined in the above table the evidence required to meet SDRC 9.2 will be delivered over the course of the Project. This document provides the evidence to meet SDRC 9.2.1 which is as follows:

- The initial contract template used between SEPD and EA Technology (See Annex 2); and
- Supporting guidance (this document) that outlines not only the thinking behind key clauses within the Principal Contract but the approach taken when developing the novel commercial arrangement.

In addition to the above items that were required to meet SDRC 9.2.1 the following has also been provided: 1) Guidance on how the approach taken to develop the novel commercial agreement could be replicated; and 2) A template for the Task Order utilised between EA Technology and partners/suppliers.

Together the Principal Contract and Management and Delivery document meet the commercial aims of SDRC 9.2 which are to: 1) Develop a novel commercial arrangement and 2) Enable all procurement related to the project activity to be managed by a non-DNO. As per the evidence section of SDRC 9.2 the novel commercial arrangement that has been developed for the I²EV (My Electric Avenue) Project will be reviewed in Month 34 and an updated Principal Contract Template will be delivered in Month 36.

Appendix A – References

- 1) I²EV - Innovation-squared: managing unconstrained EV connections, Full Bid Submission.
- 2) I²EV (My Electric Avenue) Principal Contract.
- 3) LCN Fund Governance Document, Version 6, 12th April 2013.
- 4) Project Direction ref: SEPD / I²EV-Innovation-squared: managing unconstrained EV connections, 21 December 2012.
- 5) Electricity Act 1989.
- 6) Utilities Act 2000.
- 7) SEPD Electricity Distribution License, 28th September 2001.
- 8) Guaranteed Standards of Performance (as enforced at this point in time and subsequently updated).

Annex 1 – I²EV (My Electric Avenue) Management & Delivery Document

Annex 2 – Principal Contract Template

Annex 3 – Task Order Template