



Invitation to Tender – Spinning Reserve for the Wholesale Electricity Market

Project/Services:	Spinning Reserve for the Wholesale Electricity Market
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Closing Date:	Responses due by 5:00 pm (Perth time) on 4 May 2018
Validity Period:	90 days from the Closing Date

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SECTION A: INVITATION TO TENDER

A.1 Background

Australian Energy Market Operator Limited (**AEMO**) is responsible for operating Australia's largest gas and electricity markets and power systems, including the:

- National Electricity Market, the interconnected power system in Australia's eastern and south-eastern seaboard.
- Wholesale Electricity Market (**WEM**) and power system in Western Australia.

AEMO also operates the:

- Victorian Declared Wholesale Gas Market and the Victorian gas transmission system.
- Wholesale gas Short Term Trading Market hubs in Adelaide, Sydney and Brisbane.
- Retail Gas Markets in Victoria, Queensland, South Australia, Western Australia, New South Wales and the Australian Capital Territory.
- Wallumbilla and Moomba Gas Supply Hub in Queensland and South Australia.
- National Gas Services Bulletin Board.
- Western Australia Gas Bulletin Board.

As Australia's independent energy markets and power systems operator, AEMO provides critical planning, forecasting and power systems information, security advice, and services to stakeholders.

A.2 Invitation to Tender

The Wholesale Electricity Market Rules (WEM Rules) allow AEMO to enter into a contract with a Rule Participant other than Synergy for Spinning Reserve Ancillary Services (SRAS) where:

- AEMO does not consider that it can meet the Ancillary Service Requirements with Synergy's Registered Facilities; or
- the Ancillary Service Contract provides a less expensive alternative to Ancillary Services provided by Synergy's Registered Facilities.

AEMO seeks tenders from potential SRAS providers for the period from 1 July 2018 to 30 June 2019.

A.3 Indicative Timetable

This timetable is provided to give Recipients an indication of the expected timing for the procurement process.

Activity	Date
Issue date of ITT	9 April 2018
Closing Date of ITT	4 May 2018
Expected date for completion of ITT evaluation	11 May 2018
Contract execution and notification of unsuccessful Tenderers	15 June 2018

A.4 Glossary

In this document, capitalised words or phrases have the meanings set out below.

Addendum	Any document issued after the date of this Invitation to Tender and labelled as an “Addendum” to this Invitation to Tender; collectively known as “Addenda”.
AEMO	Australian Energy Market Operator Limited ABN 94 072 010 327. References to AEMO include, where the context requires, AEMO’s employees, officers, contractors, consultants, advisers and other persons authorised to act for AEMO.
AEMO Project Manager	The person specified on the cover of this ITT.
Business Days	A day other than Saturday, Sunday and any other day not taken to be a public holiday in Perth.
Closing Date of ITT	The date specified on the cover of this ITT and in Section A.3 .
Invitation to Tender or ITT	This document, including its schedules, attachments and appendices.
Services	The services described in Section D .
Statement of Compliance	The schedule in Schedule 1 by that title.
Tender	The offer submitted by a Tenderer to provide the Services.
Tenderer	A person to whom AEMO has sent this ITT.
Tender Form	The document contained in Section E .
Tender Period	The time commencing between a Tenderer’s receipt of this ITT and the closing time for receipt of Tenders by AEMO.
Validity Period	The period specified on the cover of this ITT.
WEM	Wholesale Electricity Market.

SECTION B: ABOUT THIS ITT

B.1 Legal Status

This Invitation to Tender is an invitation to treat and does not create any contractual or promissory rights. AEMO is not obliged to accept any Tender or complete the process outlined in this ITT.

AEMO is not obliged to acquire all or any Services unless and until both AEMO and a selected Tenderer have duly executed a written contract in the form attached to this ITT, with any variations agreed between the parties.

AEMO may change the process or the description of the Services at any time by issuing an Addendum to Tenderers.

B.2 Confidentiality

This ITT may contain or be accompanied by confidential information about AEMO or its operations and markets, which is provided solely to enable Tenderers to submit Tenders. Tenderers must not use or disclose information in this document for any other purpose without AEMO's prior written consent. Tenderers must take all reasonable steps (both physically and electronically) to protect the confidentiality of this document and all communications relating to it.

B.3 Intellectual Property

Unless otherwise indicated, AEMO owns any intellectual property rights in this ITT. Tenderers are permitted to use and copy this document for the sole purpose of preparing and submitting a Tender.

B.4 No Warranty

Except to the extent required by law:

- AEMO makes no warranties or representations on the accuracy, adequacy or completeness of this ITT or any other information provided to a Tenderer; and
- AEMO is not liable in any way for any loss or damage of whatever kind (whether foreseeable or not) however arising (including by reason of negligence), incurred by any person in connection with this ITT or any other information provided to a Tenderer.

B.5 Queries and Communications with AEMO

If Tenderers find any discrepancy, error, or have any doubt as to the meaning or completeness of this ITT, or require clarification on any aspect of it, they should notify the AEMO Project Manager in writing, not less than 7 days before the Closing Date. AEMO may issue an Addendum to all Tenderers clarifying the discrepancy, error, doubt, or query (as the case may be) and may extend the Closing Date if AEMO considers it appropriate in all the circumstances.

No representation or explanation to Tenderers in relation to this ITT is taken to be included in the ITT unless it is contained in an Addendum.

All communications by Tenderers to AEMO about matters connected with this ITT must be made to the AEMO Project Manager unless otherwise authorised by the AEMO Project Manager.

B.6 Conditions of Submitting a Tender

Tenderers wishing to submit a Tender must comply with **Section C**. Tenderers must ensure that their employees, contractors, agents and consultants involved in the preparation or submission of a Tender are aware of, and comply with, all requirements applicable to Tenderers.

SECTION C: TENDER REQUIREMENTS AND EVALUATION

C.1 Submitting a Tender

A Tender constitutes an offer by the Tenderer to provide the Services, which is capable of acceptance by AEMO. Tenders must meet the following requirements:

- All applicable sections of the Tender Form must be completed, including all relevant schedules.
- The Tender must be dated and signed (in the case of a body corporate, by a duly authorised officer).
- If a Tenderer cannot comply with any element of the Tender Form or schedules, the Tenderer must specify in the Statement of Compliance the nature of, and reasons for, the non-compliance.
- Tenders must be sent via email to WEMancillaryservices@aemo.com.au in electronic form by 5:00 pm (Perth time) on the Closing Date.
- Additional documentation may be submitted with a Tender if, in the Tenderer's opinion, it is necessary for a proper understanding of its Tender.

AEMO may decide to accept late or non-conforming Tenders, but is not obliged to do so under any circumstances.

C.2 Tenderers to Perform own Due Diligence

By submitting a Tender, a Tenderer is taken to have:

- satisfied itself of the requirements of this ITT;
- made all reasonable enquiries, investigation and assessment of available information relevant to the risks, contingencies and other circumstances relating to the Services; and
- satisfied itself as to the correctness and sufficiency of its Tender.

C.3 Tenders Commercial-in-Confidence

Tenders will be treated as confidential and will not be disclosed outside AEMO except:

- as reasonably required for the purpose of assessing the proposed Services;
- required by law, or in the course of legal proceedings;
- requested by any regulatory or other government authority having jurisdiction over AEMO, or its activities; or
- to AEMO's external advisers, consultants or insurers,

in which case the Tenderer is deemed to have consented to this disclosure by providing the Tender.

C.4 No Anti-Competitive Conduct

Tenderers must not:

- discuss this ITT with any other person they know has received this ITT or might reasonably be expected to have received it; or
- engage in any conduct that is designed to, or might have the effect of, lessening competition in the supply to AEMO of the Services.

Tenderers who wish to engage in legitimate teaming or sub-contracting discussions with persons who might deliver the Services must obtain AEMO's prior approval to do so.

C.5 No Improper Assistance or Inducements

Tenderers must not seek or accept the assistance of employees, contractors or consultants of AEMO in the preparation of their Tenders and must not make any offers or engage in any activities that are likely to be perceived as, or may have the effect of, influencing the outcomes of the ITT process. Tenderers must at all times comply with all applicable laws in relation to the offering of unlawful inducements in connection with their Tenders.

C.6 No Reimbursement for Costs of Tender

No Tenderer is entitled to be reimbursed for any expense or loss incurred in the preparation and submission of its Tender or for any costs incurred in attending meetings with AEMO during the Tender evaluation process.

C.7 No Publicity

Tenderers must not make any public or media announcement about this ITT or the outcome of this ITT without AEMO's prior written permission.

C.8 Disqualification

AEMO may, at its absolute discretion, immediately disqualify a Tenderer from further participation in the tendering process if AEMO believes that Tenderer has contravened a requirement of **Section B** or **Section C** of this ITT.

C.9 Tender Evaluation Process

AEMO's assessment of Tenders may include, but is not limited to, an evaluation of the following matters as relevant to the provision of the Services:

- Compliance with ITT requirements;
- Proven ability to deliver SRAS or similar services to best practice standards;
- Qualitative and quantitative technical evaluation including the duration for which SRAS response can be sustained as well as the number of events for which it would respond;
- Price for which the service is offered;
- Any other factors AEMO considers to be relevant.

AEMO's indicative timing for evaluation of Tenders and award of contracts is set out in Section A.3. AEMO may change these times or steps, or stop or suspend the ITT process at any time.

C.10 Clarification

If AEMO considers that a Tender is unclear in any respect, it may seek clarification or further information from any or all Tenderers at any time during the evaluation process. Failure to supply clarification to AEMO's satisfaction may result in the disqualification of a Tender.

AEMO has no obligation to seek clarification of any Tender, and reserves the right to disregard any information that it considers to be unclear.

C.11 Contract Execution

AEMO's proposed form of contract for the Services is set out in the **Attachment** to this ITT.

Unless specifically requested in this ITT for one or more Services, Tenderers should not include their own standard or general conditions of contract with their Tenders. Tenderers who wish to seek changes to the proposed form of contract should provide a copy of the document showing the exact form of the requested change, tracked in Microsoft Word.

Tenderers will be taken to have accepted the contract in its current form in the Attachment unless they include a tracked copy of the contract marked in this way.

AEMO requires the terms of the contract to be concluded and the document signed by the successful Tenderer within 20 Business days of AEMO's notification of acceptance of the relevant Tender. AEMO reserves the right to reconsider rejected Tenders if the contract is not finalised within that period.

AEMO is not bound by the terms of any contract document and has no obligation to acquire the services unless and until the contract is signed by an authorised officer of AEMO.

C.12 No Obligation to Debrief

AEMO is under no obligation to debrief any Tenderer as to AEMO's evaluation of Tenders, or give any reason for the acceptance of or non-acceptance of any Tender.

SECTION D: REQUIREMENTS FOR SERVICES

D.1 General requirements

AEMO will enter into one or more contracts for up to 26 MW of SRAS with a registered participant under the WEM Rules. The participant must operate either a Scheduled Generator, Dispatchable Load or Interruptible Load. The minimum contract quantity that AEMO will consider is 8 MW.

The minimum response requirement for SRAS is specified in clause 3.9.3 of the WEM Rules. The minimum response requirement is measured over three time periods following a contingency event. An SRAS provider's facility must be able to meet all three time periods for any individual contingency event.

All providers will be required to demonstrate to AEMO that its facility is capable of achieving acceptable performance as a precondition to entering into an SRAS contract with AEMO. The provider should indicate how this will be demonstrated.

AEMO is required to have real time visibility of the facility's ability to respond to a frequency decline. The actual response to an event and its quantity in MW must be verifiable by AEMO through real-time telemetry. AEMO will confirm this information using meter data (or another approved method) after the fact.

D.2 Requirements for generators providing SRAS

The provider's facility must be able to increase its active power output within 6 seconds by a quantity no less than the contract quantity in response to a frequency reduction below 49.8 Hz, and must be able to maintain this response until the frequency is above 49.8 Hz or 15 minutes has elapsed since the frequency reduced below 49.8 Hz, whichever is earlier.

This is in addition to any response required under the Technical Rules.

The provider must be able to provide the service at least 95% of the time, excluding any AEMO approved Planned Outages under the WEM Rules.

Any planned or unplanned unavailability of the service must be notified to AEMO as per the Power System Operating Procedure: Facility Outages¹ and the WEM Rules.

D.3 Requirements for load providing SRAS

The customer load must reduce automatically in response to a predefined under-frequency condition.

The time delay prior to the disconnection will initially be set at 500 ms. This must be configurable and may change over time as directed by AEMO from time to time.

The frequency at which the load will be reduced must be configurable and will initially be notified by AEMO to the customer when the contract is signed.

The provider must be able to provide SRAS at least 95% of the time, excluding any AEMO approved Planned Outages under the WEM Rules.

Any planned unavailability of SRAS must be notified to AEMO as soon as practicable but, in any event, at least 2 Business Days in advance. Any unplanned unavailability of the service must be confirmed to AEMO as soon as practicable after the service becomes unavailable. The expected duration of any one disconnection event will be 15 minutes. An agreement from AEMO needs to be provided prior to reconnection. This may be electronic.

¹ http://aemo.com.au/-/media/Files/Electricity/WEM/Security_and_Reliability/facility-outages-psop528697C8E166.pdf

SECTION E: TENDER FORM

To: Australian Energy Market Operator Limited
 Level 22, 530 Collins Street
 MELBOURNE VIC 3000
 (AEMO)

Tender for Spinning Reserve Ancillary Services in the Wholesale Electricity Market

From:

Tenderer (full company name):		
ABN:		
Address:		
Website:		
Contact Person:	Name:	
	Title:	
	Telephone No:	
	Fax No:	
	E-mail:	

1. Offer

The Tenderer offers to provide to AEMO the Services described in **Schedule 2**:

- in accordance with the requirements of the ITT, subject only to any variations specified in the Statement of Compliance in **Schedule 1**; and
- at the price or prices specified or determined in accordance with **Schedule 3**.

2. Agency/Joint Tender

The Tenderer is/is not² acting as agent or trustee for another person, or lodging a Tender jointly with other persons.

(If the Tender is acting as an agent or trustee, full details must be provided in this section.)

3. Conflicts of Interest

The Tenderer provides in **Schedule 4** a conflict declaration for the Tenderer's personnel nominated to provide the Services, and details of how any conflicts are to be addressed.

4. Validity Period

This Tender constitutes an offer to provide the Services that remains open for acceptance by AEMO for the Validity Period.

5. Contract (optional)

The Tenderer provides in **Schedule 5** a copy of AEMO's proposed contract with the Tenderer's requested changes tracked in the document.

6. Addenda to ITT (include only if Addenda received)

² Delete as appropriate.

In the preparation of its Tender, the Tenderer acknowledges having received the following Addenda to the ITT:

Addendum No. Dated

Addendum No. Dated

Addendum No. Dated

NOTE: Capitalised terms in this Tender Form and Schedules are defined in the ITT.

Dated this day of 20

EXECUTED by **[NAME OF TENDERER]** by
its duly appointed representative in the
presence of:

.....
Witness

.....
Name of witness (print)

.....
Authorised Officer

.....
Name of Authorised Officer (print)

.....
Title of Authorised Officer (print)

SCHEDULE 1 – STATEMENT OF COMPLIANCE

[Delete whichever is not applicable]

[Name of Tenderer] confirms that this Tender conforms in every respect with the Invitation to Tender.

OR

[Name of Tenderer] confirms that this Tender conforms in every respect with the Invitation to Tender **other than** in the following respects:

-
-

EXECUTED by **[NAME OF TENDERER]** by its duly appointed representative in the presence of:

.....
Witness

.....
Name of witness (print)

.....
Authorised Officer

.....
Name of Authorised Officer (print)

.....
Title of Authorised Officer (print)

SCHEDULE 2 – DESCRIPTION OF SERVICES

The Tenderer proposes the following Services:

Service Name	Description
Spinning Reserve Ancillary Services in the Wholesale Electricity Market	[Tenderer to complete]

1. [Type of service] - Specifications

1.1 [Facilities]

The Tenderer will provide the Services using the following facilities or equipment:

Facility/Equipment	Description

1.2 [Performance Requirements]

The Tenderer will provide the Services to meet AEMO's performance requirements as follows:

Performance Requirement	Response/Specified Performance Level
Response to frequency reduction in required time period as specified in Schedule D.	
Ability for AEMO to monitor the available SRAS being provided in real time. This needs to be incorporated into the SCADA system.	
Ability for AEMO to monitor the response of the SRAS to a low frequency event. There should be a real time indication that response was achieved which is confirmed later as per schedule D.	

SCHEDULE 3 - PRICING

The pricing of this tender is required to be expressed as a discount to the Margin_Peak and Margin_Off-Peak values described under clause 3.13.3A of the WEM Rules and determined by the Economic Regulation Authority.³

The tenderer should indicate the quantity (in MW) and the percentage discount being offered on the published Margin Values. The minimum discount value that will be considered is 5%.

The tenderer should indicate if there are any limits to the minimum block size (in MW) of service being offered if only a portion of the tendered amount is awarded.

³ <https://www.era.com.au/cproot/18794/2/Wholesale%20Electricity%20Market%20Rules%2027%20March%202018.pdf>

SCHEDULE 4 – CONFLICTS OF INTEREST

PART A: CONFLICT DECLARATION

Except as identified below, none of the personnel presently identified by [Name of Tenderer] to work on the provision of the Services to AEMO:

1. is, or has a close relative⁴ who is, a member, director, employee or contractor of AEMO;
2. is, or has a close relative who is, a director, employee or contractor of a registered participant in a market that AEMO operates or of any business likely to be affected by the Services;
3. has, or has a close relative who has, a material financial interest in a registered participant in a market that AEMO operates or in any business likely to be affected by the Services;
4. has any other affiliation, position, engagement or interest that could reasonably be seen as a conflict of interest with that person's involvement in the provision of the Services.

Identified Conflicts:

Person Affected	Nature of Conflict

PART B: HOW EACH CONFLICT IS TO BE ADDRESSED

[The Tenderer must outline how any conflicts of interest identified in Part A are to be addressed.]

⁴ Spouse, de facto partner, parent, sibling or child.

SCHEDULE 5 – PROPOSED CONTRACT CHANGES

[Delete whichever is not applicable]

[Name of Tenderer] does not propose any changes to the form of contract proposed by AEMO with the Invitation to Tender.

OR

[Name of Tenderer] has included a Microsoft Word version of AEMO's form of contract with the Tenderer's requested changes tracked.

ATTACHMENT: CONTRACT TO BE EXECUTED

Ancillary Service Contract – Spinning Reserve – Wholesale Electricity Market.