

# Commercial qualification criteria guidance

for flexibility service providers

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## 1. Introduction

Electricity North West Limited (ENWL) carry out commercial checks as part of the pre-qualification process to verify that participants of the flexible services tender are genuine and reputable businesses who will have the required financial and technical capabilities to deliver on contracts if awarded. Checks on companies will include business financial checks, verification of insurance, as well as verifying that the participants goals are in line with the goal of the tender. It is required that a company be approved through the commercial qualification process prior to submitting a competitive bid into a flexible services tender. Once approved, companies can participate in ENWL's flexibility tenders.

It is important that providers ensure that their commercial information is kept up to date. ENWL will periodically re-validate a company's information to ensure that it is still in line with the network's procurement policies.

## 2. Information to be provided

### 2.1. Organisation profile

We would expect that the company will provide sufficient information within the Organisation profile to allow us to understand the nature of the business and ensure that it is in line with the flexible services tender's goals. Companies will be expected to provide sufficient information to allow for background company checks.

All companies participating in ENWL's flexible services tenders should hold sufficient Employers Liability Insurance and Public Liability Insurance to cover the elements they are tendering for. It is the responsibility of the provider to ensure that they hold a sufficient level of cover for all business activities they are engaged in.

Failure to hold the necessary insurance may result in a rejection to the commercial application.

### 2.2. Financial records

Within the commercial application form we ask for a copy of the company's financial accounts. When submitting these account records, they should be in English. Although we also use an external credit check agency, a copy of the most recent company accounts will be used to verify additional financial considerations we may have. This also gives participants the opportunity to upload other companies accounts where they are being technically or financially supported by a third-party business to provide the service which is being tendered for.

## 3. Assessment

### 3.1. Credit checks

We utilise an external credit checking agency to review the company's historical financial performance as well as indicating other risk factors. As standard we will approve companies which have a credit score of A-D (Excellent-Average). If a company's rating falls below this score, we reserve the right to ask follow-up questions.

#### **New businesses/businesses with limited credit history**

Businesses which are start-up companies or have a poor credit history may be required to provide additional information to support their commercial application. This is because it is the responsibility of Electricity North West Limited (ENWL) to ensure that businesses are capable of supporting themselves and are reputable in nature.

Supporting materials which can be provided include:

- A full business plan including their activities relating to Flexible Services, as well as any other sources of revenue or business commitments.
- Copies of contracts they have with project partners, particularly where these partners are providing financial support to the project/scheme.
- Details of any other financial support the project/scheme is receiving e.g. Bank Loans, innovation funding, investor funding.
- Evidence of companies or employees previous experience delivering successful projects associated with providing Flexible Services and other similar engineering projects.

### 3.2. Other factors

Other factors which may be considered when making a decision to approve or reject a company's commercial application include:

- Turnover – can the business afford the work they are signing up to?
- Ratio of the company's turnover being made up from ENWL contracts. As a general rule of thumb, ENWL contracts should not account for more than 50% of a company's turnover.
- Company experience in providing flexibility services either to ENWL or other industry parties.
- Appropriate company policies in line with National and ENWL's own policies e.g. safety standards, modern slavery policies etc...
- If other businesses are involved in the subcontracting services or providing finance support, there should be a Memorandum of understanding or contract between both parties. These should be available for ENWL to review on request.
- Where a bank has underwritten a business in the event they go out of business, these agreements should be available for ENWL to review on request.
- Previous participation in ENWL or other industry party (DNO or ESO) services. Previous good or bad performance may be factored into prequalification approval or rejection.
- Insurance – Does the company have sufficient and appropriate insurance for the activities they are undertaking?
- Debt – Does the company have significant debts which might impact their ability to deliver an ongoing service.

- Director history – History of previous experience operating other successful businesses or delivering flexible services
- Existing assets within the network which will be utilised to deliver flexible services
- Business credibility – Does the company have sufficient staffing, website, social media presence, offices, IT equipment, reputation etc....
- Any conflicts of interest

### 3.3. Timing

Commercial qualification applications can be submitted via the [ElectronConnect](#) or [PicloFlex](#) platform at any time prior to the commercial qualification close date. There is a minimum 5 working day turnaround time for processing commercial qualification applications. If an application is received too close to the end of the approval window or it has not been possible to adequately assess a company's application before the end of the approval window, participants may be excluded from participating in that tender window.

For companies that are registered outside of the UK or are relying upon financial or technical support from outside of the UK please note that credit checks can take over 10 working days to process so applicants should look to submit their commercial qualification applications as early as possible to allow for sufficient processing time.

We would encourage all applicants to register for commercial qualification checks as early as possible within the tender process to ensure that there is sufficient time in the event that follow up questions are required to be answered. Delays in commercial qualification approval can have knock on effects to participants registering and prequalifying assets on the Piclo platform.

### 3.4. What happens if my application is rejected?

In some scenarios it is not always possible to verify a business's commercial abilities or as part of our company checks we will identify factors which may result in us needing to reject an application. Where this occurs, we will communicate with you the reason for the rejection and provide feedback on how future applications may be improved.

Where an application is rejected, the participant cannot enter into any bidding for the provision of flexible services. However, it does not exclude a participant submitting future applications, where they are able to provide additional supporting evidence.

### 3.5. Why are we carrying out these checks?

- Reputational risks – If a business is operating using ENWLs brand to advertise for business there is a reputational risk if that business were to not be operating in an ethical manner.
- Impact upon Market – If rogue businesses are winning work or speaking to stakeholders this may undermine the DNO markets.
- Risk to supply – If a business fails to deliver the services they are contracted to provide, this might risk continuity of electrical supplies.

### 3.6. Data Protection and confidentiality

All data submitted that is accessible to Electricity North West Limited (ENWL) will be held and processed in line with the terms of the [Flexibility Services Agreement](#) which is available via the ENWL website.

Data submitted via the ElectronConnect or Piclo platforms will be held within their systems in line with their data privacy policies, which providers sign up to when registering on the platform. Companies utilising the Piclo platform will be asked as part of commercial qualification to grant permission for their data to be shared with the ElectronConnect platform where bidding, dispatch and settlement will take place.

All data submitted as part of the commercial qualification application process will be treated as confidential and commercially sensitive data. ENWL and its partners have a responsibility to hold this data for a minimum timescale as part of its own regulatory requirements as detailed with the Flexibility Services Agreement.

### 3.7. Commercial qualification questions

Below is a list of the current questions which are asked as part of the commercial application process. These questions have been streamlined and standardised through the Energy Networks Association's (ENA) Open Network's Project and are common across all UK Distribution Network Operators (DNO). Also provided are some example answers to these questions using a fictitious company, and the pass/fail criteria that these questions will be marked against. Please note that all questions should be answered, and the answers to some questions may result in the need for additional information to be provided. Where further information is required, this does not necessarily result in a rejection of the application it simply indicates that the application will not automatically be approved.

\*Note: all data should match with company house records (if applicable)

Question	Description	Example answer	Pass criteria
<b>Company information</b>			
Registered or legal name of the contracting party	Full registered/legal name of the party wishing to enter into the flexibility contract	Flexible Energies Limited	Completed
What is this organisation's registered number? E.g. Companies House, Charity Reg, Trust, etc.	Registered No. as shown on companies house. Charity or Trust Registration No. is also acceptable	2366949	Completed
Registered address 1	Registered Address line 1	Unit 12	Completed
Registered address 2	Registered Address line 2	Fade Street	Completed
Registered address 3	Registered Address line 3	Manchester	Blank / Completed
Registered address postcode	Registered Address Postcode	M1 1DK	Completed
Key contact first name	First name of main contact in respect of this submission and any subsequent contract	John	Completed
Key contact last name	Last name of main contact in respect of this submission and any subsequent contract	Mullins	Completed
Key contact email	email address of main contact in respect of this submission and any subsequent contract	John@flexible-energies.com	Completed
Key contact number	Contact telephone number of main contact in respect of this submission and any subsequent contract	07885924503	Completed

Question	Description	Example answer	Pass criteria
Organisation website	Web address for contracting party	<a href="https://www.flexible.energies.com">https://www.flexible.energies.com</a>	Completed
Legal relationship with flexibility asset/s	declare relationship to asset/s, only select one	Aggregator	Completed
VAT registration number	VRN of the contracting party	918384400	Completed
<b>Terms and conditions</b>			
Confirm; You have read the applicable ENA Standard Flexibility Services Agreement and understand it will be a requirement to accept this Agreement in order to form any contract for the delivery of flexibility services	Contracting party must confirm their acceptance of the ENA Standard Flexibility Agreement applicable to the DNO they are pre-qualifying for	Yes	Yes
Do you declare that you have the authority to submit this application and by confirming you declare that to the best of your knowledge, the information in this form is accurate?	The individual completing this submission must have the authority of the contracting party to both accept the Agreement and provide the information listed in this application	Yes	Yes



Question	Description	Example answer	Pass criteria
<b>Due diligence</b>			
Is the contracting party a member of Flex Assure Code of Conduct?	Being a member of flex assure is not required in order to pass commercial qualification, if the contracting party is a member it will speed the required due diligence checks	Yes	Yes, No
Contracting parties Achilles UVDB Registered No. if applicable	Being Achilles UVDB (Utilities Vendor Database) registered is not required in order to pass commercial qualification, if the contracting party is a member it will speed the required due diligence and credit checks	12345678	Completed, blank
Where Achilles UVDB registration has not been advised, you understand that the DNO may access the contracting Parties most recent audited financial accounts via Companies House for the purpose of credit checks.	Please confirm you understand that the DNO may perform credit checks as part of their due diligence checks relating to this application	Yes	Yes, N/A
Is this contracting party currently, or has it ever been in administration?	This response will be assessed by the DNO as part of their due diligence checks	No	No = Pass Yes = Further information will be required
Is this organisation currently, or has it ever been in receivership?	This response will be assessed by the DNO as part of their due diligence checks	No	No = Pass Yes = Further information will be required
Is this contracting party currently, or has it ever been in liquidation?	This response will be assessed by the DNO as part of their due diligence checks	No	No = Pass Yes = Further information will be required

Question	Description	Example answer	Pass criteria
Is this contracting party currently, or has it ever been unable to pay its debts as they fall due (within the meaning of Section 268 Insolvency Act 1986)?	This response will be assessed by the DNO as part of their due diligence checks	No	No = Pass Yes = Further information will be required
Is this contracting party currently, or has it ever had, in the past 3 years, any petitions for winding up (other than vexatious petitions)?	This response will be assessed by the DNO as part of their due diligence checks	No	No = Pass Yes = Further information will be required
Is this contracting party currently, or has it ever had any petitions for bankruptcy (or their equivalent in the country in which the Applicant is incorporated) within the last three years?	This response will be assessed by the DNO as part of their due diligence checks	No	No = Pass Yes = Further information will be required

Question	Description	Example answer	Pass criteria
<p>Is this contracting party currently, or has it ever been convicted of any of the offences or has any discretionary exclusion occurred, as contained in Regulation 80 of the Utilities Contract Regulations 2016 (UCR), and listed in Regulation 57 (1) and 57 (8) of the Public Contracts Regulations 2015 (PCR)? [IF IN SCOTLAND, Is this contracting party currently, or has it ever been convicted of any of the offences or has any discretionary exclusion occurred, as contained in Regulation 78 of the Utilities Contract (Scotland) Regulations 2016 (UC(S)R), and listed in Regulation 58 of the Public Contracts (Scotland) Regulations 2015 (PC(S)R)?]</p>	<p>This response will be assessed by the DNO as part of their due diligence checks</p>	<p>No</p>	<p>No = Pass</p> <p>Yes = Further information will be required</p>
<p>Is this organisation currently, or has it ever had, in the past 3 years, any similar contracts terminated prematurely and/or had damages claims or other comparable sanctions brought against the organisation for any significant or persistent deficiencies in performance of a substantive requirement of the contract?</p>	<p>This response will be assessed by the DNO as part of their due diligence checks</p>	<p>No</p>	<p>No = Pass</p> <p>Yes = Further information will be required</p>

Question	Description	Example answer	Pass criteria
Has the contracting party been subject to any material non-employment related litigation (pending, threatened or determined) or other legal proceedings against the contracting party within the last three years that may be relevant to your ability to deliver services.	This response will be assessed by the DNO as part of their due diligence checks	No	No = Pass Yes= Further information will be required
<b>Insurance</b>			
Does the contracting party have or commit to have Employer's liability insurance with a minimum limit of £5m	Confirm you meet the minimum insurance level required for Employers Liability	Yes	Yes
Does the contracting party have or commit to have Public liability insurance with a minimum limit of £5m	Confirm you meet the minimum insurance level required for Public Liability	Yes	Yes
Will the contracting party provide copies of such insurances upon request	Confirm you will be able to provide copies of insurances if requested by the DNO	Yes	Yes  Documentation shows that insurance held meets the required values specific within the <a href="#">Standard Agreement</a> .

#### 4. Questions and further information

If you have any questions about the content of this document or the commercial qualification process, then please contact ENWL at [flexible.contracts@enwl.co.uk](mailto:flexible.contracts@enwl.co.uk)