



**TRANSPOWER**

# **TRANSPOWER NEW ZEALAND LIMITED**

## **Request for Proposal**

**for**

## **Upper North Island Dynamic Reactive Support**

**15 SEPTEMBER 2009**

**TRANSPOWER NEW ZEALAND LIMITED**

**Upper North Island Dynamic Reactive Support**

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# RFP – Upper North Island Dynamic Reactive Support

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## Section A: Commercial Conditions

### 1. Glossary of terms

Terms used in the RFP which are not defined in this glossary but are defined in the Contract have the meanings set out in the Contract.

<b>Accept</b>	In relation to this RFP, to select the relevant Proponent for provision of Services and Acceptance has a similar meaning.
<b>Availability</b>	Availability of Services that can be Dispatched by Transpower.
<b>Availability Period</b>	Period in which Services are available to be used by Transpower. May be preceded by a period in which the Services are tested.
<b>Backup</b>	The provision of item(s) of plant as backup to devices that are actively providing the dynamic response in order to achieve higher availability.
<b>Closing Date</b>	The time and date by which Proposals have to be received by Transpower – namely 5pm Friday 9 October 2009.
<b>Contract</b>	Contract for the provision of Services entered into after Acceptance.
<b>EC</b>	Electricity Commission.
<b>EGRs</b>	The Electricity Governance Regulations 2003 and the Electricity Governance Rules 2003.
<b>Forced Unavailability Factor</b>	Forced Outage Time expressed as a percentage of total Time.
<b>GEIP</b>	Good Electricity Industry Practice.
<b>Grid Investment Test</b>	The Grid Investment Test as defined in Part F Section III Schedule F4 of the EGRs.
<b>GSC</b>	Grid Support Contract – a contract for the provision of Services to support the Grid.
<b>GSC Design Feature</b>	A feature of Transpower's GSC product design (available at <a href="http://www.gridnewzealand.co.nz/gsc">www.gridnewzealand.co.nz/gsc</a> ).
<b>GUP</b>	Grid Upgrade Plan.
<b>GXP</b>	Grid Exit Point – the point at which Transpower's grid is connected via a substation to a network distributor's network or to a direct connect customer.
<b>Need Statement</b>	The description of the need which Proposals will address.
<b>Notices to Proponents</b>	Notices, if any, issued by Transpower to potential Proponents prior to the Closing Date.
<b>Pre-Start Test</b>	Test to verify capability of Provider to provide the Services. A Test is carried out before the commencement of the Availability period.
<b>Proposal</b>	The Proponent's Proposal in response to this RFP.
<b>Proposal Forms</b>	The forms returned by the Proponent as part of a Proposal.
<b>Proponent</b>	Party responding to this RFP with a Proposal.
<b>Provider</b>	Company that provides the Services to Transpower under the Contract.
<b>RFI</b>	The Request for Information for the <a href="#">Upper North Island Dynamic Reactive Support</a> released in June 2009.

<b>RFP</b>	This document together with the draft Contract(s), draft Schedules and any Notices to Proponents and the Forms to be submitted as part of a Proponent's Proposal.
<b>Schedules</b>	Forms supplied with this RFP which, when completed, will form the basis of Schedules to the Contract.
<b>Specifications</b>	The specifications in this document and in the draft Contract.
<b>Unavailability Factor</b>	Percentage of time the Equipment is unavailable (Forced and Scheduled Outages).

## 2. Request for Proposals

*To assist Proponents this RFP contains explanations in boxes like this one.*

2.1 Transpower seeks Proposals in response to this RFP from parties interested in providing the Services. The RFP comprises:

- 2.1.1 this RFP document,
- 2.1.2 the template Contract issued with this document,
- 2.1.3 the template Schedules to the Contract, and
- 2.1.4 Notices to Proponents (if any).

2.2 All documentation and other information provided by Transpower in relation to this RFP process *and* which Transpower specifies as confidential must not be disclosed to any third party (except for the Proponent's professional advisers for the purpose of preparing a Proposal) without the prior written consent of Transpower. For the avoidance of doubt, this RFP document, excluding the Notices to Proponents, is not confidential. Any prospective Proponent that does not submit a Proposal is under an equal obligation of confidence in this regard, any breach of which may be the subject of legal action by Transpower.

**2.3 Amendments to the RFP, Changes to Proposals, Discussions with Proponents:**

- 2.3.1 Transpower may, in its absolute discretion, make amendments to the:
- RFP documents on finding or being informed of any discrepancy, error, or omission in these RFP Documents or if such amendments become necessary for other reasons; and
  - RFP process provided for in the RFP and will communicate such amendments to Proponents in writing by way of sequentially numbered Notices to Proponents. Proponents will be afforded an opportunity to address any such amendments.
- 2.3.2 It is the responsibility of the Proponent to ensure that it is fully informed about this RFP and that its Proposal is based on complete and accurate information. If the RFP is ambiguous or unclear to the Proponent, the Proponent may request clarification in writing. A Notice to Proponents in response to such request shall upon issue become part of the RFP.

- 2.3.3 Transpower will be under no obligation to disclose the contents of any discussions with any Proponents or any other person in relation to the RFP process, the RFP, a Proposal or the consideration of a Proposal.
- 2.3.4 Any clarifications sought, whether technical or commercial or otherwise, should be addressed by email to Greg Driver, [GridInvestmentProjects@Transpower.co.nz](mailto:GridInvestmentProjects@Transpower.co.nz), who will ensure that the requested information is responded to and documented accordingly. No requests for clarifications will be accepted within two working days of the Closing Date.

If additional information is requested by a Proponent which, in Transpower's sole opinion, is solely as a consequence of a Proponent's proposed methodology, and other Proponents have not requested that information, such information may, at the discretion of Transpower, be provided to the requesting Proponent only.

### 3. Proposal in Response to RFP

- 3.1 **Proposal:** All Proposals are to be submitted by completing the Proposal Forms, together with any attachments and Schedules. Proponents may submit additional information they believe relevant to their Proposal in an appendix.
- 3.2 **Complying RFP Proposal:**
- 3.2.1 A complying Proposal is one that meets the requirements of the RFP.
- 3.2.2 Any Proposal that contains any provision or qualification not required or permitted under the RFP is a non-complying Proposal, and may be considered or rejected by Transpower at its absolute discretion.
- 3.2.3 Proposals must not include conditions, commercial departures or amendments to or special conditions to the Commercial Conditions in this section or the template Contract. Any Proponent submitting a Proposal containing such conditions, departures, amendments or special conditions may be requested to withdraw them at no additional cost to Transpower and failure by the Proponent to do so may result in the Proposal being excluded from further consideration.
- 3.2.4 Any assumptions made by Proponents in submitting a Proposal, and any aspect of a Proposal that is conditional, must be clearly set out in the Proposal.
- 3.2.5 Transpower may, at its absolute discretion, accept all, or parts of one or more, or no Proposals. All Proposals accepted must satisfy Transpower's regulatory obligations including under Parts C, G, and F of the EGRs and Part 4A of the Commerce Act.
- 3.3 **Alternative Proposals:** Provided the Proponent lodges a complying Proposal, it may also submit alternative non-complying Proposals. The Proponent must state specifically in what respect each alternative Proposal is not in compliance with the RFP and provide details of any advantage to Transpower which, in the Proponent's opinion, is likely to be derived from the alternative.
- 3.4 **Alternative Equipment:** If a Proponent is considering offering a Proposal containing dynamic Reactive Support equipment other than a synchronous machine, then the Proponent must notify Transpower within 5 working days of RFP issue so that Transpower can issue a new schedule for the required technical information.
- 3.5 **Validity:** Proponents must certify that their Proposals remain valid until one month after the approval by the EC of the GUP which includes this Reactive Support.

3.6 **Good Faith:** A Proponent must act in good faith in submitting a Proposal and in dealing with Transpower during the RFP process. Transpower will act in good faith in dealing with Proponents.

3.7 **Regulatory Cooperation:** A Proponent agrees to cooperate fully as required by Transpower in any regulatory approval process related to this project.

3.8 **Control of Confidential and Sensitive Information:**

3.8.1 Unless specifically requested by the Proponent in its Proposal, Transpower will not treat any information provided by a Proponent as confidential. Where confidential information is provided by a Proponent, Transpower reserves the right to provide such information to its third party advisers, shareholder representatives and regulatory agencies and to use that information as appropriate in any current or subsequent regulatory approval process, including a regulatory revenue approval process conducted by the Commerce Commission, the EC or other regulatory agency. Transpower may use external consultants to assist in evaluating Proposals.

3.8.2 Proponents are advised that Transpower is at all times subject to legislative reporting requirements, parliamentary obligations and disclosure, and the legislative or other legal rights of other persons to require Transpower to disclose information in its control as well. Transpower will at all times be permitted to disclose all material to its advisers and consultants. As Transpower is bound by the Official Information Act 1982 (the "OIA"), Transpower may be required to provide all or part of Proposals to any third party who makes a request under the OIA.

3.8.3 The Proponent must not access or use Transpower's confidential information in preparing its Proposal.

3.8.4 The Proponent must not disclose Transpower's confidential information, if any, except to the extent necessary to comply with any statutory requirements or stock exchange listing requirements relating to the public disclosure of confidential information.

3.8.5 The Proponent must report to Transpower any breach of the security of Transpower confidential information, or any misuse of this information.

3.8.6 At the request of Transpower, the Proponent shall return any confidential or sensitive information of Transpower's immediately.

3.9 **Announcements:** A Proponent may not at any time make any form of announcement including without limitation any media release or conference in respect of the RFP process or its Proposal without Transpower's prior written consent which will not unreasonably be withheld by Transpower.

3.10 **Intellectual Property:**

3.10.1 All documents submitted as part of a Proposal become the property of Transpower at the time of submission. Proponents acknowledge that Transpower will retain all documents submitted in response to this RFP to enable it to evaluate all the Proposals submitted and to comply with obligations relating to accountability and record keeping. Transpower may make copies of the documents submitted as part of the Proposal for any purpose related to this RFP.

3.10.2 Transpower's intellectual property rights as may exist in the RFP documents remain the property of Transpower. The Proponent is permitted to use these only for the purpose of preparing and submitting a Proposal. The Proponent may use this

intellectual property or information for other purposes upon obtaining Transpower's prior written consent.

3.10.3 The Proponent permits Transpower, its officers, employees, agents and external advisers to exercise any copyright in the documents forming part of the Proposal and copy and disclose all such material for any one or more of the following purposes:

- evaluating the Proposal;
- evaluating any subsequent offer from any entity;
- negotiating a Contract with the Proponent;
- reporting the results of the Contract in an aggregated or non-attributable form; or
- anything else related to the above purposes (including reporting requirements to shareholder representatives and regulatory agencies).

3.11 **No Remuneration of Costs or Expenses:** Transpower will not be liable to any Proponent for any costs, loss or liability incurred or suffered by the Proponent in preparing its Proposal or in respect of any discussion, enquiries or negotiations undertaken by the Proponent after its Proposal is submitted, or if Transpower decides to suspend, terminate or alter this RFP process.

3.12 **Disclosure of Contract Information:** If Transpower and any Proponent enter into a Contract, Transpower may disclose the full identity of the Proponent awarded a Contract.

3.13 **Proponent to Inform Itself Fully/Due Diligence:** Before submitting its Proposal, each Proponent is deemed to have:

- 3.13.1 acquainted itself with all aspects of the RFP and all other documents included or referred to in it, or disclosed in relation to it;
- 3.13.2 examined all other information provided by Transpower to Proponents in the RFP;
- 3.13.3 examined all other relevant information available on reasonable enquiry;
- 3.13.4 satisfied itself as to the completeness, correctness and sufficiency of its Proposal; and
- 3.13.5 conducted at its own cost such due diligence that may be required as part of the RFP process.

A Proponent, in submitting a Proposal, is deemed to have acknowledged that the sole basis for submitting such a Proposal is this RFP including any Notices to Proponents issued in accordance with this RFP.

3.14 **Warranty/Disclaimer/No Duty of Care:**

- 3.14.1 All information contained in the RFP has been included by Transpower in good faith and as far as Transpower is aware is true and correct.
- 3.14.2 Nevertheless, Transpower makes no representation, gives no warranty and assumes no duty of care in respect of the accuracy, veracity, adequacy, suitability, correctness or completeness of such information and shall not be held responsible for any inaccuracies, errors or omissions or any costs, loss or liability incurred or suffered by Proponents in reliance upon any such information.
- 3.14.3 By lodging its Proposal, each Proponent is deemed to have waived any and all rights to claim for costs, loss (including consequential loss) and/or liability (both direct and indirect) that it has or may incur or suffer arising from any negligent, incomplete,

inaccurate, misleading or ambiguous information contained in or implied by, or given in connection with, or omitted from, this RFP.

3.14.4 In issuing this RFP document:

- Transpower makes no representation that it will enter into further negotiations or discussions with any Proponent for the supply of any Services at any time; and
- Transpower reserves the right to seek further information or clarifications from any or all of the Proponents.

3.15 **Warranty by Proponent:**

3.15.1 By submitting a Proposal, the Proponent is deemed to represent and warrant that all information submitted by the Proponent as part of the RFP process has been included by the Proponent in good faith and is to the best of its knowledge true and correct.

3.15.2 By submitting a Proposal, the Proponent is deemed to represent, warrant and undertake to Transpower that it has full and unfettered capacity and power, and there exists no impediment on the part of the Proponent, to enter into the transactions contemplated by the RFP and perform the obligations contained in them and, in particular, the Contract.

3.16 **Legal Status of Commercial Conditions:** By submitting a Proposal, the Proponent accepts that the Commercial Conditions in this Section A are legally binding.

## 4. Proposal Submission

4.1 All Proposals must be submitted by the Closing Date. Transpower reserves the right to extend the Closing Date at its sole discretion.

4.2 All Proposals must be submitted in both electronic and hard copy formats.

4.3 **Electronic Proposals:** These shall be submitted by email or by CD or DVD, and shall be in Microsoft Word format (preferred) or copy-unprotected PDF format. The email copy of the Proposal shall be received by the Closing Date. Any CD or DVD copy shall be delivered to Transpower at the address in paragraph 4.4 as soon as possible and in any event by no later than 5pm 2 Business Days after the Closing Date.

All Email submissions shall be sent to [GridInvestmentProjects@Transpower.co.nz](mailto:GridInvestmentProjects@Transpower.co.nz) and it is the responsibility of the Proponent to confirm receipt by the Closing Date.

4.4 **Hard copy Proposals:** One hard copy of the Proposal, which shall be identical to the electronic copy of the Proposal, shall be delivered to Transpower as soon as possible and in any event by no later than 5pm 2 Business Days after the Closing Date. All hard copy submissions shall be addressed and delivered to:

Upper North Island Dynamic Reactive Support  
Do Not Open before 5pm on Friday [Closing Date]  
The Tender Box  
Transpower New Zealand Limited  
Level 7, Transpower House  
96 The Terrace  
Wellington

Attention: Greg Driver

- 4.5 Proponents may withdraw their Proposals by emailing [GridInvestmentProjects@Transpower.co.nz](mailto:GridInvestmentProjects@Transpower.co.nz) at any time before the Closing Date. A Proponent must not withdraw a Proposal after the Closing Date unless events beyond its control would make it difficult for the Proponent to deliver the Service set out in its Proposal. Transpower requests that if a Proponent withdraws its Proposal it provides the reasons for doing so.
- 4.6 Where there are discrepancies found between the hard copy of the Proposal and the electronic copy, the hard copy of the Proposal will be deemed to be the current and accepted version and the electronic copy will be deemed to be for supporting information only.
- 4.7 Proposals shall be valid for acceptance by Transpower for the period specified in clause 3.5 unless the Proponent withdraws its Proposal in writing to Transpower.

## 5. Proposal Acceptance

- 5.1 Section C describes the evaluation of Proposals. The criteria listed in paragraphs Section C are important to the ranking of Proposals and the development of a portfolio of Proposals and hence the success of any Proposal. They are not necessarily the only criteria, nor are they listed in order of importance. The weighting of criteria and the conduct of the evaluation will be at the sole discretion of Transpower.
- 5.2 Transpower reserves the right to fully and openly discuss with any Proponent its Proposal and negotiate and permit amendments to the offer comprised in the Proposal, so that such offer is in a form that Transpower could accept. Transpower also reserves the right to negotiate with any Proponent to the exclusion of any other Proponent.
- 5.3 Transpower may require, upon reasonable notice and at its sole discretion, to have the Proponent's key people attend a meeting or meetings, whether in person or using tele-conference or video-conference facilities.
- 5.4 Transpower is not bound to accept the best or lowest priced Proposal or any other Proposal whatsoever.
- 5.5 The successful Proponents will be required to execute an agreement with Transpower in the form (or substantially in the form) of the draft Contract once agreed to both parties' satisfaction.
- 5.6 Transpower is not obliged to proceed with any Proposal submitted by a Proponent and may elect to suspend, terminate or alter the RFP process at any point at its absolute discretion.
- 5.7 This RFP process does not constitute an offer capable of acceptance by a Proponent. This RFP process constitutes only an invitation to Proponents to submit Proposals.

## Section B: Specifications for This Service

### 6. The Services

6.1 The following design features are principles incorporated in this Request for Proposals.

GSC design feature 15	GSCs will be contracts for grid support services <ul style="list-style-type: none"> <li>• Transpower will not use GSCs to take ownership of any assets</li> </ul>
GSC design feature 16	Transpower will: <ul style="list-style-type: none"> <li>• only offer GSCs where it has approval to recover their costs</li> <li>• seek approval as a reliability investment proposal (or part thereof) submitted as part of a GUP, under Section III of Part F of the EGRs</li> </ul>
GSC design feature 17	Transpower will only offer GSCs that are fully consistent with the EGRs GSCs will require providers to comply with the EGRs
GSC design feature 19	Transpower will implement a competitive procurement approach for GSCs, including: <ul style="list-style-type: none"> <li>• preparatory information provision</li> <li>• request for information (RFI)</li> <li>• request for Proposals (RFP)</li> <li>• tender evaluation and selection</li> </ul>
GSC design feature 21	Transpower will issue an RFP where an RFI has identified that there may be appropriate, reliable and economic GSC options to meet the need The RFP will: <ul style="list-style-type: none"> <li>• specify the need, possibly refined from that in the RFI, consequent on information received and further analysis</li> <li>• invite Proponents to make a commercial Proposal to provide grid support services through a GSC that would meet some or all of the need</li> </ul>
GSC design feature 22	Qualification criteria will specify the minimum requirements for a particular GSC Qualification criteria will be specified in the RFP
GSC design feature 26	Transpower will in its RFI and RFP processes specify the possible locations for the supply of GSC services and, where relevant and practical, indicate the relative merits of sources at different possible locations
GSC design feature 31	GSC Proponents and Providers do not need to be participants under the EGRs (accepting that some will be participants, either through the GSC service they are providing, or through the provision of other services)
GSC design feature 32	GSC Contracts will specify how Proponents must react in a grid emergency
GSC design feature 33	GSC Contracts will include requirements for testing

### 7. Description of Need

#### 7.1 Background

7.1.1 Transpower has identified a need for both static and dynamic Reactive Support in the Upper North Island (UNI). Transpower expects that transmission system static support needs may be largely met by installing capacitor banks in appropriate

transmission network locations (but this does not necessarily reduce the need for lines companies to install capacitor banks in their networks).

- 7.1.2 Initial studies suggest that dynamic Reactive Support is required towards the top of the north island (e.g. Marsden / Maungatapere area) and also in central Auckland area.
- 7.1.3 Dynamic Reactive Support needs may be addressed by reinforcing the network with Static Var compensators (SVC), STATCOMs or similar, and/or establishing Reactive Support Grid Support Contracts (RS-GSCs) with industry participants.
- 7.1.4 The dynamic Reactive Support will need to be fast acting to respond to changing network conditions. The dynamic Reactive Support will have a controller action that automatically varies its Mvar output to support the system voltage.
- 7.1.5 Documents describing the need may be viewed at <http://www.gridnewzealand.co.nz/upni-consultation>.

## 7.2 Approach for assessing Proposals

- 7.2.1 This section outlines the approach that Transpower will use to assess Proposals.
- 7.2.2 In determining optimum development Proposals, Transpower will develop portfolios of Reactive Support options to develop technically acceptable plans that address the identified need and maximise the expected net benefit.
- 7.2.3 The preferred development portfolio may thus comprise a mix of industry participant RS-GSCs and new build by Transpower.
- 7.2.4 Transpower will perform power system and economic analysis to assess the benefit of a Proposal to support the UNI voltage during network disturbances.
- 7.2.5 To be able to perform the power system analysis Transpower requires the technical information outlined in Section 7.4 for each dynamic support device of each Proposal.
- 7.2.6 To be able to perform the economic analysis Transpower requires the availability information outlined in Section 7.5 for each Proposal.

## 7.3 Technical requirement guidelines

- 7.3.1 The reactive equipment will be remotely Dispatchable by the System Operator over its entire Mvar range either by raising or lowering a voltage set point or by raising or lowering a Mvar set point.
- 7.3.2 The device Mvar output must respond quickly (preferably within seconds) to Dispatch instructions (i.e. raising or lowering of set points).
- 7.3.3 In the case of synchronous machine(s) being offered for dynamic Reactive Support, Transpower prefers that the machine(s) has a modern static excitation system having a fast response.
- 7.3.4 The equipment offered must be highly reliable and available.
- 7.3.5 Transpower is interested in procuring a medium term Contract. The minimum Contract Term is 5 years and longer Contract Terms will be considered. Proponents may offer several terms with different pricing for each term.
- 7.3.6 Any Proponent wishing to hold technical discussion with Transpower about its Proposal before making its submission must do so via email request to the [GridInvestmentProjects@Transpower.co.nz](mailto:GridInvestmentProjects@Transpower.co.nz) at least 15 Business days before the Closing Date for Proposals.

## 7.4 Technical information required

- 7.4.1 The Proponent must complete the relevant parts of Schedule 2 for each Proposal.
- 7.4.2 The Proponent must complete the relevant parts of Schedule 3 for each Reactive Support device that is part of the Proposal.
- 7.4.3 Schedule 3 is written on the basis of an offer of a synchronous machine(s). However, Transpower will consider other dynamic Reactive Support Proposals.
- 7.4.4 If a Proponent is considering offering a Proposal containing dynamic Reactive Support equipment other than a synchronous machine, then the Proponent must notify Transpower within 5 Business days of RFP issue so that Transpower can issue a new Schedule for the required technical information.

## 7.5 Availability information required

- 7.5.1 The Proponent must complete table 3 of Schedule 2 and table 16 of Schedule 3 to detail the expected Availability of each Proposal and for each item of Equipment.
- 7.5.2 A Proponent may offer multiple Reactive Support devices to give Backup and thus achieve high availability. If such Backup is provided, the Proponent must state the time taken for a Backup device to be brought into service following a Forced Outage of a Reactive Support device. The maximum acceptable time for a Backup Reactive Support device to be brought into service to cover a Forced Outage of another Reactive Support device is one hour.
- 7.5.3 The maximum annual unavailability factor due to Forced Outages (including the effects of Backup if applicable) is 1.0% per Reactive Support Proposal but other levels will be considered.
- 7.5.4 The maximum annual unavailability factor (including the effects of Backup if applicable) due to Scheduled Outages is 2.5% for each Reactive Support Proposal but other levels will be considered.

## 8. The Contract

- 8.1 The following features are incorporated in the Contract.

GSC design feature 52	Transpower as grid owner may offer GSCs to ensure that adequate voltage support services are available to be called by the System Operator when required
	Voltage support GSCs will not be offered to generators when injecting MWs
Design Feature 53	Voltage support GSCs will be offered only for dynamic Mvars from participants where those Mvars are additional to any obligation to provide Mvars under the EGRs
	Measurement of Mvar performance will be at one or more defined GIPs or GXPs

- 8.2 The “Template Contract - Upper North Island Dynamic Reactive Support” document together with agreed Schedules shall form the Contract.
- 8.3 Any Contract is conditional on approval by the Electricity Commission under Part F Section III of the EGRs of a GUP.

## Section C: Evaluation of Proposals

### 9. Introduction

- 9.1 This Section outlines the evaluation criteria and evaluation process that Transpower will use in reviewing Proposals in relation to the information provided by the Proponent in the Schedules.
- 9.2 To avoid doubt, this Section is not legally binding between Transpower and any Proponent.
- 9.3 By submitting a Proposal, a Proponent acknowledges that Transpower may engage third parties to assist with the evaluation of Proposals. Any information which a Proponent wishes to be kept confidential must be so identified.

### 10. Proposal Evaluation

10.1 The following design features are relevant to the evaluation of Proposals.

GSC design feature 9	Before entering into a GSC, Transpower will seek technical as well as commercial assurance that the service providers under the GSC will be available and operate as required
GSC design feature 23	Evaluation criteria will be used to specify how GSC Proposals will be evaluated against each other and against transmission solutions Evaluation criteria will be specified in the RFP
GSC design feature 24	In evaluating GSC Proposals for non-transmission solutions, Transpower will consider seeking independent expert advice where appropriate and necessary This advice may take the form of either a consultancy or an industry panel convened for the purpose
GSC design feature 25	Transpower will evaluate GSC Proposals, as part of its 3G reliability, GEIP and economic analysis, in two stages: <ul style="list-style-type: none"> <li>Firstly, individually evaluate each GSC Proposal</li> <li>Secondly, assess the GSC Proposals as a group to develop a portfolio of GSCs that best meets the full range of reasonably foreseeable requirements</li> </ul>

10.2 Proposals will be ranked according to a number of criteria including, but not limited to the following, which are not listed in any particular order and may not be accorded equal weight:

10.2.1 Quantity of Reactive Support offered

10.2.2 Availability and ability to respond as required taking into account any limitations in:

- Availability – times and days available (24/7/365 availability is preferred but availability at peak times in summer and winter is essential)
- Timing of Scheduled Outages (preferably off-peak and must be agreed with the System Operator)
- Estimated reliability

- Equipment response to Dispatch Instructions and to transmission system voltage fluctuations
  - Other technical parameters as requested in the Schedules
- 10.2.3 Term (between five years and twenty years)
- 10.2.4 Pricing and Payment
- 10.2.5 Location of Service
- 10.2.6 Transpower's assessment of the technical feasibility and reliability of the offered Services.
- 10.3 Because ranking of Proposals will be based on criteria including the above criteria, Proponents are encouraged to provide clear and complete information in the Schedules and additional information if relevant.

## 11. Portfolio Development

- 11.1 Transpower may accept some, all or none of the Proposals at its sole discretion and will also consider other options such as the construction of STATCOMs and SVCs.
- 11.2 In developing its preferred portfolio, Transpower will select that combination of one or more Proposals and options that, in its opinion, best meets the aggregate Need requirements set out in section B7 having regard to the following parameters and will evaluate these using the Grid Investment Test. These parameters are not listed in any particular order, may not be accorded equal weight and may be added to or deleted if Transpower considers in its sole discretion that this will deliver improved outcomes.
- 11.2.1 The ranking of Proposals in the evaluation as described in clause 10 above,
- 11.2.2 Any limitations applying to individual Proposals (no limitations preferred),
- 11.2.3 Types of Reactive Support, reliability, availability, ability to provide Services over all expected periods when it is likely to be required,
- 11.2.4 Portfolio which meets the requirements of the Grid Investment Test,
- 11.2.5 Geographical locations, number of Providers.

## Section D: Contracts and Contract Schedules

The Schedules and the Template Contract are separate documents. They are available at: <http://www.gridnewzealand.co.nz/n2504>.

A Proposal shall comprise the Schedules completed by the Proponent, together with any supporting documents. These Schedules will form the basis for the Schedules in the resulting Contract (if any).

For each Accepted Proposal, the resulting Contract will comprise the Template Contract together with the agreed Schedules.