

# Ofwat consultation on Bioresources bid assessment framework – draft guidance

Hafren Dyfrdwy response

7th January 2022

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## Response to questions

We welcome the opportunity to comment on your [bioresources bid assessment framework draft guidance](#). Please find below our response to your three questions.

### **Q1: Do you agree with, or have any comments on, the draft guidance for the bioresources bid assessment framework set out in this consultation?**

Hafren Dyfrdwy are supportive of the draft guidance issued for the bioresources bid assessment framework (BAF). As a company we have recently competitively tendered our sludge treatment, which resulted in another company outside Hafren Dyfrdwy and the Severn Trent Group winning the tender. We followed a process consistent with the guiding principles in the draft BAF. For example, during our recent tender, we had a dedicated ringfenced tender team and we provided detailed information regarding sites, sludge volumes and sludge screening to bidding companies. In addition, a pre-qualification stage was incorporated into the process and sludge quality was also specified at this point. Therefore we see the merits of these, and the other elements specified in the guidance forming part of the BAF. We also recognise that a consistent process can be helpful in reducing information asymmetries and aid effective engagement with the market.

### **Q2: Do you agree with, or have any comments on, our proposed timeline for implementation of the bioresources bid assessment framework?**

We feel that the timeline for implementation is sufficient. We would welcome more guidance on the range of stakeholders Hafren Dyfrdwy are expected to engage with, when consulting on the draft BAF.

### **Q3: Do you have any thoughts or opinions on how company bid assessment frameworks can be best used to resolve the bioresources specific issues highlighted within 4.2?**

**Contract risk:** The correct treatment and disposal of waste is a key concern for Hafren Dyfrdwy as ultimately the duty of care lies with the incumbent companies. As such a bidding company's operational resilience and mitigation plans are essential and should be assessed at the pre-qualification stage. We consider that the BAF should incorporate a transparent set of criteria against which the assessment for each bid is carried out. And in the case of rejected bids, full feedback against these criteria should be provided to companies. However, we also note that the operational resilience criteria third parties are subject to, should be proportionate and fair and that a bidding company shouldn't be expected to demonstrate operational resilience above and beyond industry norms.

**Pre-qualification stage:** Hafren Dyfrdwy are supportive of this measure and a pre-qualification stage was included in our recent tender process. In addition to being good practice, we found that early engagement with prospective companies encouraged higher quality, more tailored bids. It also ensured an element of transparency which we feel is conducive to effective market engagement. As we say elsewhere in this response, we believe discussions around both the contract risk and sludge quality should occur during this stage.

**Data provision:** We consider data that bidders are likely to require and that is not commercially sensitive should be made available on company websites – alongside the BAF and other bioresources related content. Bidders then have ready access to data from the outset and this would enable them to create better quality bids. This practice would also have the effect of reducing information barriers across the industry and promoting market participation.

**Sludge quality:** Sludge quality is an important element of a bid. In order to ensure transparency and to avoid a bidding company wasting resources developing a full bid if this requirement is unlikely to be met, we agree that discussions around sludge quality should occur during the pre-qualification stage. And indeed, this was the approach adopted by us during the recent sludge disposal tender.

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