

Scope of Services

A Gas Decarbonisation Pathway for Scotland

Confidential

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1. Introduction

Energy Networks Association (ENA) is the voice of the networks, representing the 'wires and pipes' transmission and distribution network operators for gas and electricity in the UK and Ireland (known as Member Companies).

This Scope of Services is for a joint project on behalf of ENA, National Grid, SGN and the Scottish Government.

2. Background

ENA has developed a high level 'Gas Decarbonisation Pathway' for the GB Gas Networks (<http://www.energynetworks.org/gas/futures/gas-decarbonisation-pathways/>). Work to deliver this pathway is being delivered through the Gas Goes Green programme (<https://www.energynetworks.org/gas/futures/gas-goes-green.html>).

As the project evolves, we need to understand more about the impacts and opportunities in particular sectors and geographies.

The Scottish Government's Network Vision (<https://www.gov.scot/publications/vision-scotlands-electricity-gas-networks-2030/>) highlights the value that the gas networks provide today in delivering low cost, reliable energy to homes and business across Scotland. It also reflects the flexibility that the gas networks bring to the wider energy system. The Networks Vision challenges gas networks to identify ways to decarbonise the energy they deliver to provide clear evidence of the costs and feasibility or repurposing the gas networks to deliver zero carbon energy.

The Climate Change Bill, passed by the Scottish Parliament in September 2019, commits the Scottish Government to achieving a 75% reduction in GHG emissions by 2030 and achieving net zero GHG emissions by 2045.

The Hydrogen economy presents particular opportunities in a Scottish context, which need to be explored as part of the wider vision for Net Zero and the role of the gas networks.

3. Description of Services

To evaluate the Pathways for decarbonising the gas networks and their customers in Scotland, consistent with ENA's Gas Decarbonisation Pathways for Great Britain as a whole and Scotland's emission reduction targets.

This project is primarily an economic and policy/regulatory analysis, drawing on technical work delivered through many of the projects mentioned above. It should:

- Draw on the ENA Gas Decarbonisation Pathways project to develop a pathway consistent with Scottish Government energy and decarbonisation ambitions, objectives and targets with a particular focus on 2030 and 2045.
- Set out high level justifications for investment in projects, e.g. around the impact of not investing and/or taking alternative approaches
- Map out specific options for fast-delivering projects and programmes e.g. what could be achieved in particular geographic areas such as Aberdeen or the Scottish SIUs
- Identify key policy and regulatory enablers required to allow Scotland to potentially develop more quickly than England & Wales, and UK wide policies that will impact Scotland's progress (e.g. extension/replacement of RHI)
- Draw out the impact on different customer groups – in particular what can a Scottish Pathway deliver for industrial decarbonisation and transport (road, rail, and marine) as well as domestic heat decarbonisation.
- Identify how a gas grid decarbonisation should coordinate with other government and industry activity to decarbonise heat, industry and the wider energy system. This should include (but isn't limited to) learning from the Scottish Government Hydrogen Assessment Project, development of a Heat Decarbonisation Policy Statement for Scotland, and the creation of a roadmap to decarbonise Scotland's industry sector by NECCUS.
- Quantify at a high level the benefits of action in Scotland for the UK as a whole
- Consider customer value, including aspects such as fuel poverty
- Engage widely with relevant stakeholders in Scotland and beyond, including the electricity networks
- Include academic review of key economic analysis
- Deliver a compelling final report and disseminate findings widely, including through: a workshop with project partners and agreed invitees; and an industry facing event in March 2021

The project will be overseen by a panel chaired by Scottish Government with representatives from ENA, National Grid and SGN.

4. Related Projects

The project will be expected to build links with and draw information from the following projects:

- Scottish Government
 - Hydrogen Assessment Project (HAP): work to support the development of a Hydrogen Roadmap for Scotland has been carried out between February and summer 2020. Including broad analytical work on hydrogen production and demand. Interim report c. April.
 - Heat Energy Policy Statement (HEPS): Scottish Government has committed to produce a Heat policy statement to identify the priorities and routes for decarbonising the

- provision of heat in Scotland. Work is underway within Scottish Government to develop this roadmap
- The Just Transition Commission: the commission has been working throughout 2019 to understand the challenges associated with ensuring the energy transition is fair. In particular it focuses on developing an environmentally and socially sustainable energy system, building on Scotland's economic and workforce strengths, addresses inequality and poverty, and can create decent, fair and high value work.
- Aberdeen Vision
- Network Hydrogen feasibility and testing under Gas Goes Green, including
 - H100
 - HyNTS, including FutureGrid
- Scottish and UK-National CCUS initiatives including the development of a roadmap for NE Scotland by NECCUS.

5. Budget

Total value of proposals should not exceed £150,000 ex VAT.

6. Additional Obligations of the awarded vendor

6.1 Key Personnel

The awarded vendor will ensure that services are only provided by those key personnel stated in their response. The arrangements governing key personnel will be generally in accordance with the ITT.

The awarded vendor will provide a suitably competent Project Manager to manage the services and liaise directly with the ENA nominated person. The Project Manager is expected to be a technically competent person who has an understanding of the detail in the scope.

The awarded vendor will provide a core team of directly employed awarded vendors supplemented, where appropriate, by sub-awarded vendors for specialist aspects.

6.2 Accreditations

The awarded vendor will have and will maintain a quality management system independently certificated to BS EN ISO 9001 or demonstrated as equivalent.

6.4 Retention of Documents

The awarded vendor will retain all documents and contract related correspondence for a period of seven years in an electronic format. All documents and contract related correspondence will be made available to ENA upon reasonable request.

6.5 Relevant Legislation

In particular, the awarded vendor will ensure that the competence and training of all key-personnel reflects the needs of the work to be carried out and complies with all applicable legislation in the UK.

6.6 Data and Information

It will be the responsibility of the awarded vendor to request specific data and information from ENA and its Member Companies sufficiently in advance of work being carried out.

The awarded vendor will be responsible for ensuring any data and information provided by ENA and its Member Companies is kept securely and is only used for providing these services.

7. Service Levels and Performance

Delivery of the project will be measured against the following KPIs:

- Producing final reports of acceptable quality to ENA and its members.
- Achieving the milestones on time, as set out in this Scope of Services and defined in initial engagement between ENA and the vendor.

8. Fees, Expenses and Payments

Fees and expenses associated with delivery of the services by the awarded vendor will be in accordance with those stated in the ITT.

9. Terms and Conditions

The terms and conditions for the services will be in accordance with the following documents stated in order of precedence.

1. Ts & Cs to be agreed between SGN, National Grid and the vendor.
2. ENA ITT
3. Scope of Services for ENA Gas Decarbonisation Pathway for Scotland (this document).
4. Subsequent variations to these documents as agreed between SGN, National Grid and the awarded vendor.