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**Programme Area:** Heavy Duty Vehicles

**Project:** HDV Marine Full

**Title:** Request for proposals for the HDV Marine Project

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**Abstract:**

Request for proposals for the HDV Marine Project

**Context:**

This project focused on developing a range of highly efficient concept vessels by combining data and modelling techniques from academia with commercial knowledge and technology development expertise from industry. The project was delivered by Rolls-Royce with support from University College London (UCL). The work carried out by UCL was undertaken by researchers from both the UCL Energy Institute and UCL Mechanical Engineering.

The project completed the creation and integration of a full- scale shipping model that is focused on the activity of and the vessels involved in the UK's sea-based transportation needs. This has leveraged Rolls-Royce technology knowledge at a vessel level and combined it with UCL's capabilities to understand and model the shipping network. It has built upon the Low Carbon Shipping project led by UCL and funded in part by the Engineering and Physical Sciences Research Council (EPSRC).

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# Request for Proposal (RfP)



Title of Services for which Proposals are Requested:

## **Heavy Duty Vehicle Efficiency Programme: Systems Integration of Platform Technologies for Heavy Duty Vehicle Efficiency**

Request Issue Date:

14<sup>th</sup> February 2011

Deadline for Notification of Intention to Submit a Proposal:

21<sup>st</sup> April 2011

Closing Date:

Proposals must be received before 12:00 noon on the 13<sup>th</sup> May 2011

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## **1. Introduction and Overview of ETI Requirements**

### **1.1. Introduction to the Energy Technologies Institute**

The Energy Technologies Institute LLP (ETI) is a private organisation formed as an innovative Limited Liability Partnership between international industrial energy companies and the UK government.

Our mission is to accelerate the development, demonstration and eventual commercial deployment of a focused portfolio of energy technologies, which will increase energy efficiency, reduce greenhouse gas emissions and help achieve energy and climate change goals.

We will do this by leveraging the skills, capabilities and market access routes of our Members, working with other organisations worldwide to take the most challenging large-scale energy projects to full system demonstration, thereby bridging the gulf between laboratory proven technologies and full scale commercially tested systems. Our projects will also develop knowledge, skills and supply-chains, and will inform the development of regulation, standards and policy. Hence we aim to overcome major barriers, de-risk the future development and shorten the lead times to market for secure, affordable, low-carbon energy systems for power, heat and transport.

Our portfolio includes programmes in areas such as Wind, Marine, Distributed Energy, Transport, Energy Networks, Carbon Capture & Storage and Buildings.

Further information can be found on our web-site at [www.energytechnologies.co.uk](http://www.energytechnologies.co.uk).

### **1.2. Background to the Programme**

Heavy Duty Vehicles (HDV) such as shipping, Heavy Goods Vehicles (HGV), construction equipment, agricultural equipment etc currently contribute 8% to UK CO<sub>2</sub> emissions. Apart from bio-fuels, the low carbon options for replacing liquid fossil fuels as the energy source for HDV applications are limited. Fuel efficiency will therefore be increasingly important to the future affordability, security and sustainability of HDV operation in the UK.

Given the economic, security and climate change benefits of restraining or even reducing fuel consumption there is significant opportunity for early benefits from the introduction of improved vehicles, especially as European legislation is likely to move from a focus on emissions to fuel efficiency over the period required to develop significant vehicle technology improvements.

The ETI anticipates that there is a significant opportunity to accelerate vehicle technology development through investment in Platform Technologies which will enable and support vehicle system development.

The Programme is targeted on 12 drive cycles across 5 segments of the UK HDV fleet:

- **Heavy Goods Vehicles (HGVs):** JE05, UDDS and ETC
- **Buses and Coaches:** Braunschweig city cycle and JE05
- **Construction / Mining / Quarrying equipment:** EPA backhoe cycle, EPA crawler cycle, and combined EPA wheel-loader cycles
- **Agricultural:** EPA agricultural tractor cycle
- **Marine:** ISO 8178 E2, E3 and D2 cycles

The cycles listed above were selected, through a study conducted by Ricardo<sup>1</sup>, based upon their representativeness of real world use. Between them, these drive cycles represent 92% of the UK HDV fuel consumption. The omitted segments are some types of industrial machinery, material handling, port equipment and rail. There may be some impact of the technology platforms on these also.

Furthermore, the Ricardo study<sup>1</sup> evaluated 35 potential technology areas for development via ETI funding. These have then been prioritised down to eight potential Platform Technologies, which are deliberately focused on technologies which are transferable between the diverse vehicle types. The potential Platform Technologies are shown below:

- Selective Catalytic Reduction (SCR)
- Lower Drive Train Losses
- Mechanical Hybridisation
- Electrical Hybridisation
- Combustion Management
- Air-flow Management
- Heat Management and Heat Recovery
- Engine Lubrication

The first two Platform Technology projects, for the delivery of a High Efficiency Selective Catalytic Reduction system and Lower Drivetrain Parasitic Losses Reduction technologies respectively, are being commissioned by the ETI in parallel with the System Integrator Project that is the subject of this RfP. System Integrators will be expected to verify the remainder of the list above and are free to suggest alternatives if superior performance can be demonstrated. Not all of these technologies will be equally applicable in each of the 5 vehicle segments and other technologies will also be required to produce optimised vehicle designs. System Integrators will be expected to be able to combine other technologies with the eight above to produce realistic concepts for high efficiency and high performance vehicles. For example, aerodynamic and rolling resistance treatments have been precluded from the list above due to the breadth and magnitude of funding available from other organisations; however, integration of such technologies into the final concept should be considered by the System Integrator.

The ETI believes that it is realistic to target an overall weighted average efficiency improvement across the in scope applications and drive cycles in excess of 30%. The

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<sup>1</sup> The pertinent sections of the Ricardo report shall be made available to Respondents once the ETI receive a completed Non Disclosure Agreement (NDA) and a notification of an intention to bid.

expectation is that vehicles embodying technologies from this Programme will be on sale by 2020 and that the full efficiency benefit will be delivered in to the market from 2030 onwards. It is intended that these vehicles will be competitively superior products and will be purchased preferentially due to their superior economics and mission performance in use.

### 1.3. ETI approach to Health & Safety

The health and safety of those who may be affected by ETI projects is of paramount importance to the ETI. The ETI expects those who receive ETI funding to demonstrate a commitment to best practice in health, safety and environmental management as well as demonstrating that legal requirements are met.

The ETI expects that:

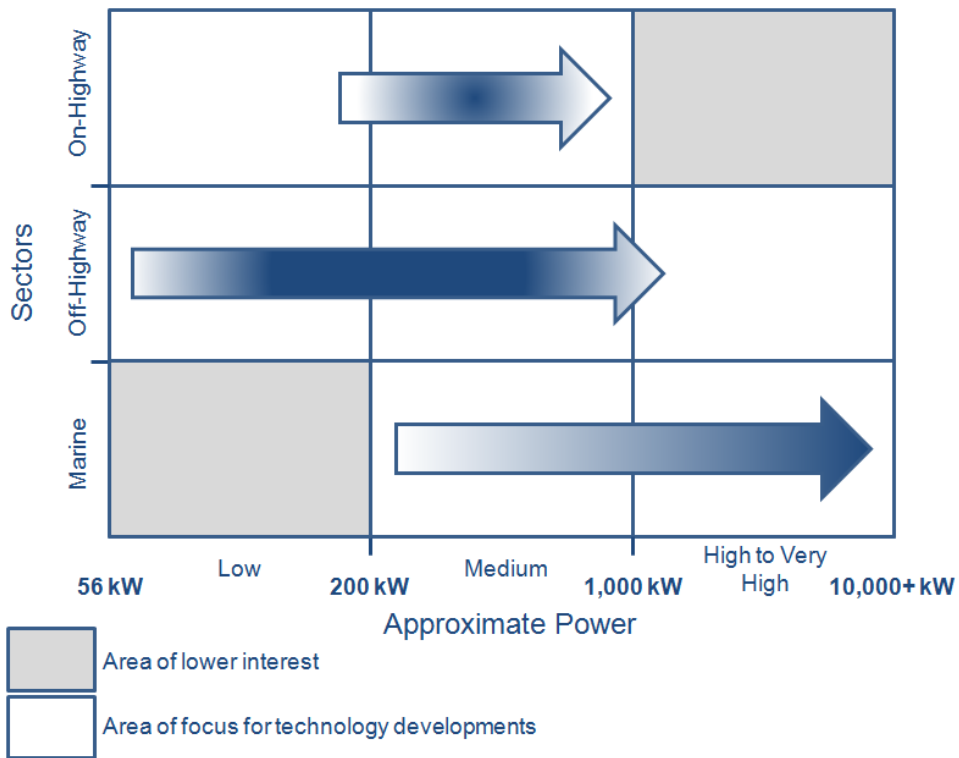
- the Respondent will demonstrate its approach to health, safety and environmental matters throughout any Proposal to the ETI (See, for example, Appendix A Section 11) and,
- all successful Participants will work with the ETI throughout any ETI project to assure the ETI that health, safety and environmental risks are being managed appropriately; and
- all successful Project Organisations will have the obligation and freedom to raise health, safety and environmental concerns throughout the Project, including in relation to Project requirements that create recognisable risk(s) at any time.

### 1.4. Programme Approach

The proposed Programme approach follows 3 main Phases: -

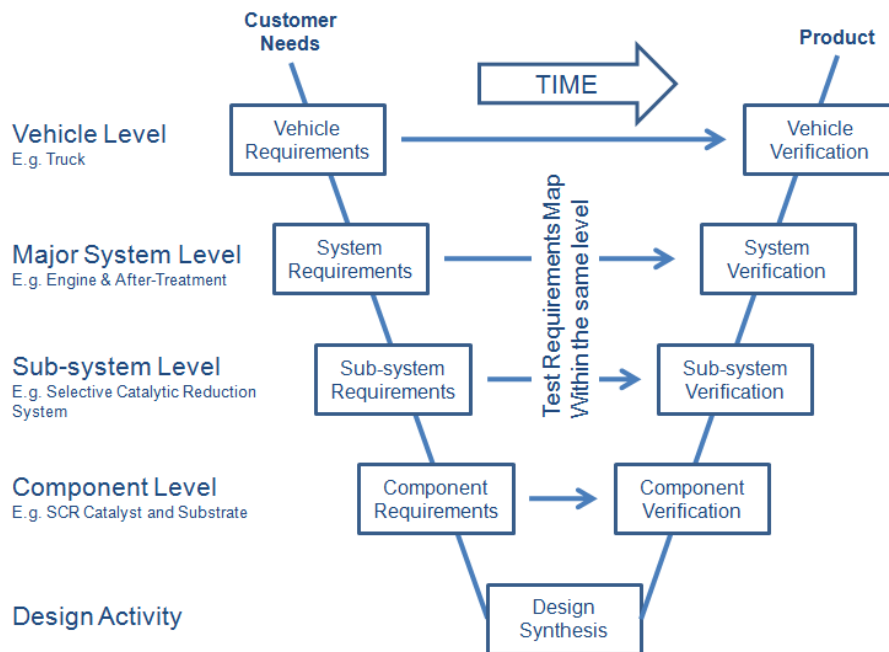
- Phase 1 - Understand the requirements of each Heavy Duty Vehicle sector and power range (drive cycles, legislation, customer needs, etc.), whilst determining and **optimising** technology combinations for CO<sub>2</sub> reduction with wide market applicability.
- Phase 2 - Understand, develop, produce and verify the CO<sub>2</sub> reduction technologies at the sub system or component level. These technologies need to apply across a wide range of sectors and powers (see Figure 1). Please note: this Programme excludes very large Marine 2 stroke engines.
- Phase 3 - Integrate and optimise technologies into major and whole vehicle systems. This is intended to validate the true benefit of the suite of technologies. Subsequent commercialisation of the technologies and systems is outside the scope of work that the ETI will pay for; however, a commercialisation plan is requested as part of Phase 3.

**Please note that Phase 1 is the subject of this RfP. However, the ETI is also requesting an outline proposal for the governance of Phase 2 and the execution of Phase 3 for the purpose of Respondent selection. The System Integrator parts of Phases 2 and 3 will be commissioned together at a later date. The exact content of Phases 2 and 3 is to be determined during Phase 1.**



**Figure 1 – Areas of focus for CO<sub>2</sub> reduction**

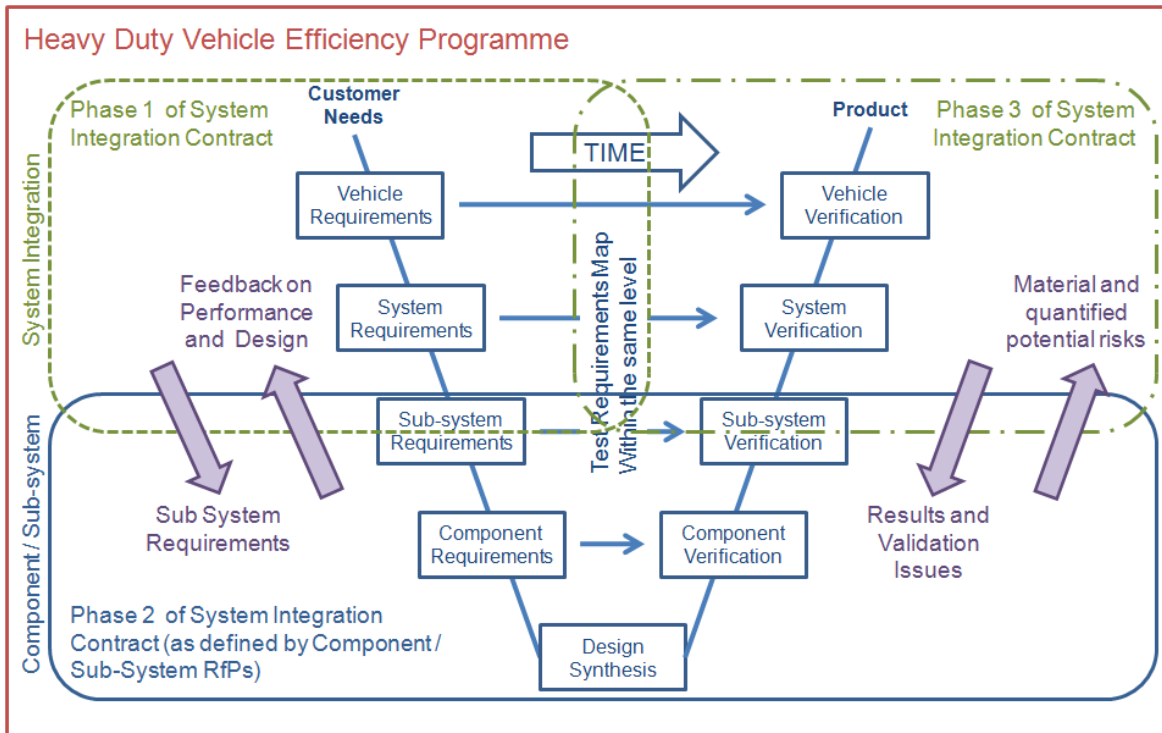
For the purposes of communicating the proposed methodology; the Programme approach can be represented on the V-model as shown below in Figure 2 and Figure 3.



**Figure 2 – Generic Model to Define Technology and Product Development Process (V-Model)**

Please note that the V-Model does not represent a linear set of steps or activities. Guided and managed iteration should exist between the levels within the Requirements Cascade from customer needs to design synthesis. Once procurement of tooling or parts is underway then the Programme should switch to a change management process to ensure time, cost and quality are achieved. Therefore, a high ‘bandwidth’ of technical

communication is expected between the System Integrators and the component / sub-system Platform Technology Developers.



**Figure 3 – 3 Phase Programme approach showing information transfer**

The proposed approach is designed to provide a cost effective technology development Programme which applies to as much of the CO<sub>2</sub> producing heavy duty fleet as possible. Alternative approaches may be proposed by the Respondent if they improve value for money and CO<sub>2</sub> reduction effectiveness.

Programme activities will be unambiguously assigned to one of the 3 Phases; it is very likely that later Phases will be launched before earlier Phases are entirely complete.

The ETI expects the Programme to conclude around 2016. This is to allow Original Equipment Manufacturers (OEMs) time to integrate, validate and introduce the technologies and approaches in their 2020 model year products (or the nearest product update cycle). For context, an approximate timeline for the different Programme Phases is shown in Figure 4. Final timelines will be defined by the selected Consortia / Prime Contractor(s).



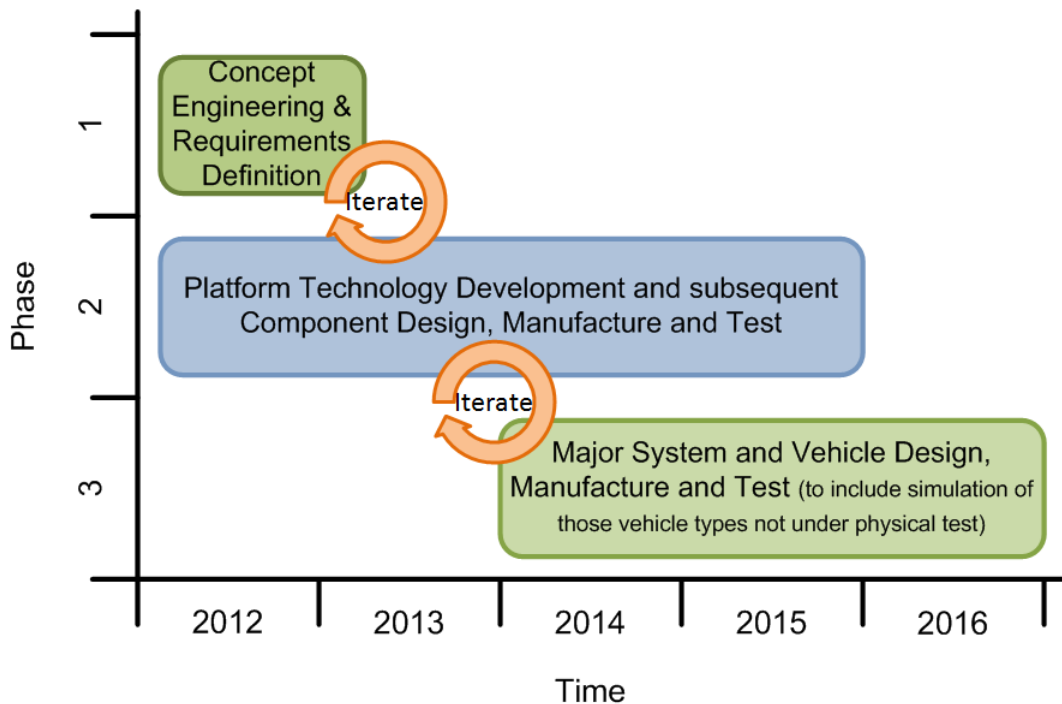


Figure 4 – Approximate timeline for Phases of Programme

### 1.5. System Integrator Project Structure

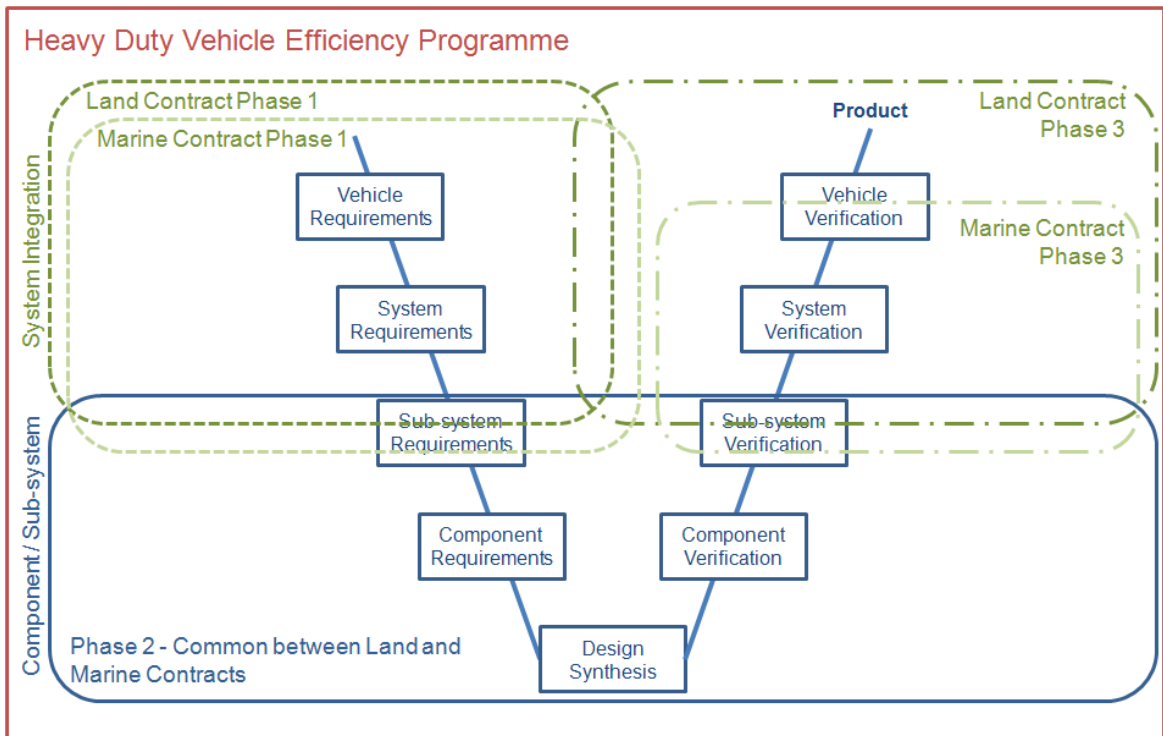
The System Integrator role within the Programme will be commissioned in two parts. This Request for Proposal (RfP) is a request for a Proposal for the performance of the System Integrator role during Phase 1 of the Programme. Subsequently, a further RfP will be issued in relation to the System Integrator role during Phases 2 and 3 of the Programme.

The ETI intends to commission 2 system integration contracts; a ‘Land’ contract and a ‘Marine’ contract – see below. The split of integration responsibilities between the two contracts will be:

- **Land Based Vehicle Contract** – Buses & Coaches, Construction etc, Agricultural and HGV – power range 56kW to 1000kW
- **Marine Contract** – Large 4 Stroke Marine Vessels – power range 1000kW+

The approach is shown diagrammatically below in Figure 5.

Please note a Marine vessel demonstration is not planned by the ETI due to the costs involved. The Respondent is free to nominate their preferred demonstration platforms (with justification) for both the Marine and Land contracts.



**Figure 5 – Contract arrangement showing ‘Land’ and ‘Marine’ contract scope.**

It is expected that Phases 2 and 3 will represent the majority of the Programme spend. Therefore, the ETI may contract with more than one Consortium/Prime Contractor per Land/Marine contract for the System Integrator Project in Phase 1 of the Programme. This approach is an attempt to de-risk the Project during the vital 1<sup>st</sup> Phase of requirements definition and systems optimisation; however, it is subject to the funds available and the number and quality of RfP Respondents. The 1<sup>st</sup> Phase will also allow the Land and Marine Participants to build working relationships and determine how they wish to govern themselves if subsequently selected for Phases 2 and 3. This is important due to the 2 to 1 relationship between the System Integrators (2) and the Component Technology Developers (1).

The Phase 1 Consortiums will be the natural Bidders for the later Phases and the ETI will expect to pay for the development of the plans for Phases 2 and 3 during Phase 1. This will exclude the costs of commercial proposal development and contract negotiation. The current intention of the ETI is that it will only contract one Consortium/Prime Contractor for each contract (Land and Marine) to govern Phase 2 and execute Phase 3 (i.e. all System Integrator work post Phase 1).

While the ETI will consider Proposals in response to this RfP that cover both Phase 1 System Integrator contracts (Land and Marine) and the Respondent may therefore choose to compete for either, any Proposal that integrates both contracts in such a way that each separate Proposal is not clear may be disregarded. The ETI is willing to consider Proposals that provide clear and separate propositions for contracts ‘Land’ and ‘Marine’ and that also offer an option to combine both elements into a single integrated contract with a single Consortium; however at this stage we consider it unlikely that such an option will be attractive and would advise the Respondent not to invest time in making such an offer unless they believe that it can be compelling.

In case the Respondent wishes to make Proposals for both the Land and Marine contracts, they may also wish to indicate which contract is higher priority from their

perspective; this will avoid any possibility of an outcome where ETI appoints two System Integrators, each wishing that they had been successful on the other contract.

In addition to the System Integrators, the Programme will also consist of a number of contracts that ETI will place with Platform Technology Developers; in principle the ETI anticipates having approximately 8 project contracts with individual Consortia/Prime Contractors for development of the Platform Technologies identified in Section 1.2, or alternatives nominated by the System Integrators selected by the ETI.

The ETI has already specified the requirements for the first two Platform Technology projects (High Efficiency Selective Catalytic Reduction and Lower Drive Train Parasitic Losses). Please see the ETI website for copies of the respective RfPs. Depending on the relative speed to commission these two projects then work may have started on one or both of these Platform Technology projects before the System Integrators are in position. If this is the case, then the ETI will assess the Respondents to the RfPs for these projects based upon their ability to work with a wide range of Original Equipment Manufacturers (OEMs) and other such organisations.

In Phase 1 of the Programme, we anticipate that Stage Gate reviews of the Platform Technology projects will be attended by key staff from the selected System Integrators for both contracts (Land and Marine) and that ETI will be advised on how to manage the Platform Technology contracts by the System Integrators, acting as members of an overall ETI led project steering group.

The ETI would also expect a Consortium (see Section 1.6) to have a steering group which co-ordinates across the different activity teams and their parent organisations and acts as the natural point of engagement for the ETI, especially the Programme Manager. Experience on other projects has shown that effective project Consortiums / Prime Contractors have the following characteristics: -

- Identification of a Project Manager and Chief Technologist with appropriate experience for the scope and scale of the project;
- Development of a clear Work Breakdown Structure that integrates the necessary activities across the participating organisations and shows the individuals that are accountable for delivering each set of defined outcomes;
- An approach to governance and leadership that is aligned with the outcomes and individual responsibilities rather than the participating organisations;
- Effective processes of internal communication and review to ensure quality deliverables and planning; and
- Commitment of key staff, equipment etc to deliver over the duration of the project, with mitigation plans in case of force majeure events.

In developing the Project Contract with each successful Respondent, the ETI will pay attention to these points and the quality of thought and commitment to them in the Respondent's Proposals will therefore be important.

## 1.6. Project Organisation Structure

It is expected that more than one Participant organisation/entity will be needed to work together in order to provide all the necessary knowledge, skills, experience and inputs to complete the Project Contract obligations (at both the System Integrator and Platform Technology Developer levels).

The Participants may choose either of the following structures: -

1. Sub-contracts - between themselves, with one of their number acting as 'Prime Contractor.' The Prime Contractor shall manage the Project, contract with the ETI and act as primary interface with the ETI.
2. Consortium contracted with the ETI, governed by its own Consortium Agreement and led by a 'Lead Coordinator' to manage the Project and act as primary interface with the ETI. The Consortium Agreement will require approval by the ETI.

Either of the above contracting arrangements is acceptable to the ETI as long as the Respondent can demonstrate that they have followed an appropriate approach, to reflect the risk profile of the ETI's funding. In both structures the ETI will enter into a Project Contract with the selected party / parties (i.e. Prime Contractor or Consortium Members).

For either option there must be a single organisation (Lead Coordinator or Prime Contractor) leading and acting as the primary interface with the ETI. This organisation shall appoint a Project Manager to lead and coordinate all activities of the Project Participants, and to liaise regularly with the ETI's Programme Manager to whom he/she is accountable on behalf of the Participants. This organisation shall also act as the Respondent for the purposes of this Request for Proposals. The Consortium must also appoint a Chief Technologist (the responsibilities of these two key individuals are described in Section 3.2.1).

Under either contracting arrangement, it is critical that the Lead Coordinator or Prime Contractor is sufficiently empowered to lead the Project and accept full accountability for delivery to the ETI.

In the case of a Consortium, in which there is no natural contractual hierarchy, the Respondent is required to explain fully in its Proposal the agreed principles of their Consortium Agreement. The viability and strength of the Project governance model will be a Proposal assessment criterion.

## 1.7. Required Programme Outcomes

Please note that this section defines the required outcomes for the **Programme** as a whole. The following section (1.8) then defines the required **Project** outcomes (i.e. the subject of this RfP). The required outcomes from this Programme are: -

System integrator role	Required outcomes
To be <b>delivered</b> by the System Integrators during Phases 1 and 3	<ul style="list-style-type: none"> <li>a) Phase 1 - Development of integrated design concepts for typical vehicles for each of the 12 drive cycle combinations (see Section 1.2) which draw on the developments that have been made in the platform areas, and also on other technologies, to produce a weighted average efficiency improvement across the UK fleet baseline (to be agreed with the successful Bidders) of at least 30%.</li> <li>b) Phase 3 - Validation of the models and performance predictions (produced by the System Integrators) by the design, manufacture and test of 'real-world' demonstration vehicles or major systems.</li> <li>c) Phase 3 - Development of product lifecycle and commercialisation plans, which will enable vehicles of superior commercial performance to be sold by the latest in 2020 and for all of the key developments of the Programme to be available commercially by 2030.</li> </ul>
To be <b>governed</b> by the System Integrators during Phase 2	<ul style="list-style-type: none"> <li>d) Development of technology capabilities within each of the Platform Technology areas that enable significant efficiency improvements in all of the relevant applications.</li> <li>e) Validation of the models and performance predictions made by the Platform Technology Developers by the design and manufacture of typical component and sub-system prototypes.</li> </ul>

The ETI recognises that this is a development Programme and that it is not possible to define all of the detail of this Programme in advance. However, we expect the Systems Integrators and Platform Technology Developers to follow a structured design development matrix approach; decisions should be made based on evidence and against clear criteria.

We would like to emphasize that the ETI is an industrially led and commercially driven organisation with a high level of ambition for innovation; the ETI will therefore remain focussed on the basic aim and required outcomes of this Programme despite the ambiguities and difficulties that will inevitably arise during execution. We are looking for Project partners that have the capability and aspiration to work with us to deliver these outcomes.

In reviewing progress and resolving difficulties we will always view the issues through the lens of these outcomes and we will expect our partners to do the same. Our internal financial provision for the whole HDV Programme is larger than for any other ETI programme. This is driven both by the scale and complexity of the activities required to significantly enhance the environment for innovation across the different vehicle types in the scope and also by the scale of the prize in terms of fuel savings and CO<sub>2</sub> reductions.

## 1.8. Required Project Outcomes

The Respondent's Proposal, in response to this RfP, should provide specific detail about Phase 1 (concept engineering and optimisation) and as much detail about the later Phases as the Respondent feels is appropriate at this stage.

The following scope of work and deliverables for Phase 1 is intended to illustrate the ETI's thinking rather than be a prescriptive requirement for the Phase 1 Project Contracts. The Respondent should propose what it believes to be the most appropriate scope, deliverables and work-plan, given the context and intended outcomes of the Project.

The scope of work for Phase 1 is expected to include the following activities: -

- Selection of specific vehicle types as targets for the application/drive cycle combinations within the scope of work.
- Development of systems models of the selected vehicle types and demonstration that the model performance is consistent with the Ricardo evaluation of their current UK fuel use.
- Use of a structured approach for assessing, prioritising and managing systems integration efforts and Platform Technology developments (e.g. Pugh Matrices or similar).
- Agreement with ETI and the other Systems Integrator(s) of the development areas, targets, specific scope and Commissioning Process for the six Platform Technologies not already subject to an ETI RfP.
- Jointly with ETI and the other Systems Integrator(s), to review and select proposals in response to these calls and support ETI by responding to major issues and making key technical staff available for a limited number of review meetings prior to contract.
- Jointly with ETI and the other Systems Integrator(s), to participate in key milestone technical reviews of all eight Platform Technology developments and specifically to gather and integrate information and progress to support the development of work-plans for Phase 2.
- Development and evaluation of the most promising development concepts for vehicle systems development, including both the ETI developed technologies and others developed without ETI support.
- Production of a revised estimate of the potential for fuel use reduction and overall vehicle economics and end-user benefits improvement in the UK.
- Development of Phase 2 and 3 work-plans as a basis for a proposed System Integrator project contract for Phases 2 and 3.

The key deliverables from Phase 1 are therefore: -

- Developed models of vehicle systems that represent the UK fleet within the Project scope and to validate that this capability is sufficient to execute Phase 2.
- Identification of and engagement with other Platform Technologies and Platform Technology Developers required to deliver vehicle concepts identified by System Integrators including, where necessary, supporting the ETI in setting up Platform Technology development contracts.
- Feedback of information into targeting and planning of Phases 2 and 3; including revalidation and more detailed specification of the overall Programme targets and ambitions.
- A technical proposal for the System Integrator role within Phases 2 and 3 of the Programme, to include work-plans, costs, risks etc.

The ETI expects that the successful Respondents to this RfP, who are appointed to carry out the Phase 1 activities, will make a commercial bid to govern Phase 2 and execute Phase 3 based on their technical proposals and a further ETI RfP. In return, ETI will commit to considering this Proposal on a fair and equal basis with any other bids that ETI considers it appropriate to seek.

ETI will retain the discretion to curtail the Programme at the end of Phase 1 (and hence this Project) in order to avoid the situation where the expected benefits of the Project / Programme can no longer be delivered within the broad cost and timescale envisaged. In view of the close working relationship that ETI expects to develop with its Programme partners, such a decision would be taken in consultation with the System Integrators.

### **1.9. ETI and State Aid**

Funding from the ETI for this Project may constitute State aid. The ETI has a specific State aid clearance from the European Commission. In relation to its Proposal, the Respondent should note:

- Further information may be required to support the specific State aid requirements of any Proposal during the procurement process;
- Successful Respondent(s) will be required to provide full transparency of costs throughout the Project to ensure both the Participant(s) and the ETI comply with EU State aid law;
- Participants will need to agree to certain contractual obligations related to the State aid requirements including the duration of Project records and obligations to return ETI funding in certain exceptional circumstances.

## **2. Commissioning Process and Estimated Timeframes**

### **2.1. Response to Request for Proposal and Selection**

A 12 week period has been allowed for the Respondent to submit a Proposal to the ETI according to the structure set out in Appendix A and other components of the Submission set out in Section 3.1.

The Respondent and other proposed Participants are required to enter into a Non Disclosure Agreement (NDA) with the ETI before submitting their Proposal. The form of NDA is provided in Appendix E. A clean copy is available on request from the ETI. Signed NDAs, together with formal notification of the intention to bid (in the form provided in Appendix F), should be returned to the ETI at latest by 21<sup>st</sup> April 2011. The NDA must be completed by the Prime Contractor or in the case of a Consortium, each organisation forming part of the Consortium. In the latter case the NDA may be completed in counterpart with separate copies executed on behalf of each organisation.

The Respondent is encouraged to seek advice from the ETI to ensure full understanding of ETI requirements. Project briefing and workshop sessions will be held on the following dates at the ETI – 2<sup>nd</sup> March 2011 and 30<sup>th</sup> March 2011. This will include a briefing session on ETI requirements and the opportunity to network with other potential Project Participants. The discussions at the workshop sessions will be on a non-confidential basis. In addition, appointments can be made by potential Prime Contractors or Lead Coordinators for closed discussions. Appointments are on a first come, first served basis and are subject to ETI staff availability.

Any advice or clarifications of ETI requirements requested by and provided to any Respondent will be made available to all Respondents to ensure parity of information. The Respondent should consider presenting requests for advice and clarifications in a way that the ETI can respond to all Respondents without comprising Bidders' confidential information.

Following the closing date for submission of Proposals, the ETI will convene a selection panel to recommend which Respondent(s) should proceed to the Project Shaping and Contract Negotiation Stage of the Commissioning Process (see Section 2.2) based on the Selection Criteria (see Section 3.2.1). The Respondent may be requested to make a presentation to the ETI and the selection panel to support information provided in response to this Request for Proposal.



## **2.2. Project Shaping and Contract Negotiation**

Following selection, the ETI will invite a preferred Respondent (or Respondents) to enter into the Project Shaping and Contract Negotiation Stage. An overall period of 12 weeks has been allowed for this Stage. See the Tables in Section 2.3 for further details relating to anticipated dates.

The Project Shaping and Contract Negotiation Stage will include the following activities (as required and dependent on the level of detail provided in the Respondent's Proposal):

- a) Negotiation and agreement of the detailed Commercial Offer;
- b) Detailing of the proposed technical programme, including definition of deliverables and acceptance criteria;
- c) Detailing and agreement of Project Stage Gates, where Project performance and the business case are critically reviewed and decisions taken on whether to proceed with the Project;
- d) Detailing and due diligence relating to the breakdown of costs of the Project;
- e) Further Intellectual Property due diligence;
- f) Other due diligence activities as required: refer to Appendix C for further details;
- g) Negotiation and agreement of the Project Contract (see Appendix B for a summary of anticipated terms);
- h) Agreement (and approval by the ETI) to terms of other key contractual arrangements (e.g. Sub-contracts, Consortium Agreement);
- i) Gaining all necessary Respondent and ETI approvals to undertake the Project; and
- j) Any further information or assessment that may be necessary to meet State aid requirements.

As part of the above process, the Respondent may be required to present a Final Detailed Offer to the ETI, addressing all technical, commercial, legal and financial issues.

## **2.3. Project Commissioning and Project Timeframes**

The following tables outline the anticipated schedule for the Commissioning Process for the System Integrator role(s) during Phase 1 of the Programme (i.e. the Project). This also includes anticipated dates when Project resources will be required to attend Project Shaping and Contract Negotiation meetings with the ETI.

The timing and the sequence of events resulting from this Request for Proposals may vary and shall ultimately be determined by the ETI.

Stage 1 - Request for Proposal and Selection	Anticipated Date(s)
Issue of Request for Proposal	14 <sup>th</sup> Feb 2011
Deadline for application to attend briefing session and workshop	(1 <sup>st</sup> Session) 23 <sup>rd</sup> Feb 2011 (2 <sup>nd</sup> Session) 23 <sup>rd</sup> Mar 2011
Project briefing session and workshop	(1 <sup>st</sup> Session) 2 <sup>nd</sup> Mar 2011 (2 <sup>nd</sup> Session) 30 <sup>th</sup> Mar 2011
Deadline for submitting notification of intention to submit a Proposal (together with return of signed Non-Disclosure Agreement)	21 <sup>st</sup> Apr 2011
Closing date for submission of Proposal	Noon on 13 <sup>th</sup> May 2011
Select Panel Meeting (to be attended by any shortlisted Respondent)	2 <sup>nd</sup> Jun 2011
Preferred Respondent(s) Notified	10 <sup>th</sup> Jun 2011

Stage 2 - Project Shaping and Contract Negotiations	Anticipated Date(s)
<b>Appropriate resources are required at the following meetings:</b>	
Total duration for the Project Shaping and Contract Negotiation Stage	12 weeks
Technical meeting 1	23 <sup>rd</sup> Jun 2011
Technical meeting 2	14 <sup>th</sup> July 2011
Technical meeting 3	4 <sup>th</sup> Aug 2011
Technical meeting 4	25 <sup>th</sup> Aug 2011
Legal/finance/health & safety meeting 1	23 <sup>rd</sup> Jun 2011
Legal/finance/health & safety meeting 2	14 <sup>th</sup> July 2011
Legal/finance/health & safety meeting 3	4 <sup>th</sup> Aug 2011
Legal/finance/health & safety meeting 4	25 <sup>th</sup> Aug 2011
Project Shaping and Project Contract Agreement Completed	6 <sup>th</sup> Sept 2011

Project Start	Anticipated Date(s)
Project Contract signature target date	30 <sup>th</sup> Nov 2011
Project start	Dec 2011

### 3. Request for Proposals Process and Terms

#### 3.1. Content and Format of Submissions

Interested organisations are required to make a collective Submission through their nominated Respondent as described in Section 1.6 above. The Submission shall comprise five components: -

1. Detailed Proposal, arranged according to the structure set out in Appendix A. The content must clearly demonstrate how the Prime Contractor/Consortium will meet the requirements and criteria set out in Sections 1 to 4 of this Request for Proposal. The Proposal must be written in a succinct manner and must not include imprecise statements, generalities or repetition. The Proposal must be easily readable with appropriate font sizes (11pt or larger), margin widths, and **shall not exceed a maximum of 65 pages**.
2. Supporting information as specifically set out in Appendix A.
3. Risk Register, as described in Appendix A, Section 10.
4. Due-diligence information as set out in Appendix C.
5. Statement of Compliance and, if appropriate, supporting information, confirming compliance with or identifying exceptions to the requirements of this RfP or anticipated contractual requirements, as set out in Appendix D. This must be signed by the Respondent: if a Consortium structure is proposed, every member organisation of the Consortium must provide a separate Statement of Compliance.

Additional information (such as organisational brochures, etc) may be provided to accompany the Submission, but such additional information will not be taken into account when reviewing Proposals.

The Submission shall consist of **three (3) hard copies, separately bound, and an electronic copy**. The latter shall be provided in both PDF and Microsoft Word formats.

#### 3.2. Acceptance, Review and Selection of Proposals

##### 3.2.1. Selection Criteria

ETI expects that the capabilities and experience listed below will be critical to the successful execution of the Project; proposers are free to identify additional capabilities and experience which they consider to be critical or important to success or to provide reasoned arguments why capabilities identified by ETI are not required.

Experience with bid evaluation has shown that specific and objective evidence of capabilities and experience is more convincing than general statements about previous projects executed by the organisation. The references from previous customers for similar pieces of work will be especially valuable.

Proposals will be reviewed and judged primarily against the criteria listed below and the supporting evidence supplied. Failure to meet minimum standards in any criterion may result in the ETI rejecting a Proposal. The expected capabilities and experience to be detailed in the Respondent's Proposal include:

(a) Generic Criteria: -

- Organisations will need to demonstrate competence and compliance with requisite HSE/regulatory requirements for all aspects of the Project.
- Availability and stability of deployable resources to mobilise sufficiently rapidly and for sufficient durations (including contingency plans).
- Record and ability in quality, timely and on-budget delivery (of large system integration programmes) to the full satisfaction of the main stakeholders.
- Knowledge and previous experience of industry, customers, environment, technologies, and of this type of study. (\*)
- Ability and experience in collaborative working.
- For the lead organisation particularly, project management expertise. (\*)

(\*) The ETI places **great** emphasis on two critical roles in major projects – Project Manager and Chief Technologist.

The Project Manager is responsible for delivering the Project outcomes by managing and progressing the Project to time and cost, handling information flows and commercial issues, ensuring effective team-working and the continued engagement and support of key stakeholders.

The Chief Technologist is responsible for the technical quality and content of the work, ensuring the competence of key technical staff allocated to individual Work Packages, the effective review of key outputs and the effectiveness of detailed technical planning to ensure that the emerging results of work are fed back into the forward plan. In essence this responsibility is to assure the technical quality of the Project and its outcomes.

The ETI will assess the competence, experience and authority of these two people and their ability to work together as critical to Project success. The ETI expects these two roles to be filled by the same people throughout the life of the Project.

(b) Technical Criteria: -

- Total CO<sub>2</sub> impact for new vehicles produced in 2020.
- Level of benefit derived (in 2020 timeframe) from the Project in excess of current and future academic / industrial efforts.
- Total CO<sub>2</sub> impact in 2030 (assuming sales volume and vehicle retirement predictions).
- Customer and market assessment approach and plan.
- Cost of ownership benefits to end user in 2020.

- Technology pay-back period (as calculated using documented assumptions).
- Quality of FMEA & PFMEA plan (evidence of expertise and mature update and maintenance processes).
- Ability to deliver Design Validation Plan and Report (DVP&R) for proposed technologies; including the suitability of chosen demonstration platforms.
- As a subset of the above – structured approach to Robustness (user, environmental and manufacturing noises).
- Maturity of technologies at commencement of the Project (ETI does not fund pure research programmes; i.e. NASA TRL level <3).
- Technology delivery timeline (when they will meet NASA Technology Readiness Level 6).
- Supply security, availability and stability of technologies or the materials required for their construction.
- Level and quality of industrial leverage (other industries or ETI Members).
- Level and quality of academic leverage (people and facilities).
- Quality of the knowledge capture and transfer plan.
- Ability to influence market and industry to adopt technology (E.g. demonstrated industry leader).
- Influence and understanding of the supply chain required to introduce and support proposed technologies.

(c) Commercial Criteria: -

- Total value of the Commercial Offer (see Appendix A, Section 12 for more details).
- Effectiveness of the contracting, organisational, governance and control structures and processes proposed for the participating entities / organisations.
- Project approach and plan, including Gantt chart, suitable Stage Gates & Payment Milestones, and proposed management of specific risks and issues.
- Respondent's willingness to materially comply with the terms and conditions of the proposed Project Contract.
- Demonstration that there is no material Background IP (including third party IP) which would prevent the Project proceeding or the Arising IP being exploited.

The ETI at its discretion may request further clarification of a Proposal, and may reject any Proposal which is unclear.

### **3.2.2. Selection Process**

All Proposals will be evaluated by the ETI against the Selection Criteria.

As part of its evaluation process, in addition to ETI staff, the ETI may convene a selection panel, comprising experts selected by the ETI to provide the necessary expertise to consider the technical, commercial, legal and financial aspects of each bid. This may include experts drawn from ETI Members and third parties.

As part of the Project Shaping and Contract Negotiation Stage, the Respondent may be required to provide a Final Detailed Offer. In such a case, the ETI may convene a second selection panel and the Final Detailed Offer(s) will be reviewed against the Selection Criteria.

### **3.3. Important Notices**

- a. The ETI at its discretion may request clarification of a Proposal, and may reject any Proposal which is unclear.
- b. Neither the issue of any documentation in the Commissioning Process nor any of the information presented in it should be regarded as a commitment or representation on the part of the ETI or any other person to enter into a contractual arrangement. The Request for Proposals is not an agreement to purchase goods or services, and the ETI is not bound to enter into any contract with the Respondent. By responding to this Request for Proposals, the Respondent does not commit itself to entering into a contract with the ETI.
- c. All decisions made by the ETI relating to the acceptance, review and selection or otherwise of Proposals are final.
- d. All documents, including Proposals, submitted to the ETI become the property of the ETI. They will be received and held in confidence by the ETI, subject to the terms of an executed Non Disclosure Agreement in the form set out in Appendix E. No part of a Proposal, or documents provided by the Respondent, shall be returned.
- e. The ETI reserves the right to (i) change the basis of, or the procedures for, the Commissioning Process, including the timetable or Closing Date, (ii) make modifications to, or alter any of the information within, the Request for Proposals at any time until the execution of the Project Contract, (iii) reject any or all of the Proposal received, and (iv) not invite any Respondent to proceed further. In cases (i) and (ii) the ETI shall provide a minimum of five working days written notice.
- f. Neither the ETI nor any of its agents or advisers accepts any liability or responsibility for the accuracy, adequacy or completeness of any of the information provided or any opinions contained in this Request for Proposals or of any other information made available during the Commissioning Process. No representation or warranty, express or implied, is or will be given by the ETI or any of its agents or advisers with respect to such information provided or opinion given therein. Any liability is thereby expressly disclaimed.
- g. The Respondent must assess the information and terms contained in this Request for Proposals independently, having taken professional advice if necessary. The Respondent will be deemed to have examined all the documents enclosed with this Request for Proposals and by its own independent observations and enquiries will be held to have fully informed itself as to the nature and extent of the requirements of the Request for Proposals. The Respondent must rely on its own enquiries and

on the terms and conditions contained in any agreement, when and if finally executed, subject to such limitations and restrictions as may be specified therein.

- h. The Respondent shall be wholly responsible for the costs it incurs in the preparation and submission of its response to the Request for Proposal. The ETI shall not be responsible for, and shall not pay, any costs and expenses which may be incurred by the Respondent in connection with its participation in the Request for Proposal process, including but not limited to any costs or expenses incurred up to the execution of the Project Contract.
- i. The ETI may, at its discretion, shortlist Respondents for the next Stage of the Commissioning Process. The ETI does not undertake to accept the lowest bid or to accept part or all of any Proposal and the acknowledgement of receipt of any Proposal shall not constitute any actual or implied agreement between the ETI and the Respondent.
- j. The submission of a Proposal will confirm acceptance of the foregoing provisions by the Respondent without qualification. Any attempt to qualify any of the foregoing provisions in Section 3.3, either expressly or impliedly, may result in a Respondent being disqualified.
- k. The copyright in the documentation and any other materials supplied by the ETI and/or its advisers in this Commissioning Process, in whatever format, belongs to the ETI or its appointed advisers. Such documentation and materials may not, either in whole or in part, be copied, reproduced, distributed or otherwise made available to any other third party or used without the prior written consent of the ETI, except in relation to the preparation of the Proposal in the course of the Commissioning Process. All documentation supplied by the ETI in relation to this Commissioning Process must be returned on demand, without any copies being retained by the Respondent.
- l. This Request for Proposals, and any dispute or claim arising out of or in connection with it (including any dispute or claim relating to non-contractual obligations), shall be governed by and construed in all respects in accordance with the laws of England and Wales and the parties agree that the Courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this document (including any non-contractual disputes or claims).

#### 4. Project Funding and Payment

It is recognised that there is a trade-off between time, cost and quality and, in an exploratory project such as this, there is a high degree of uncertainty. The ETI funding model for this Project is designed to: -

- Enable effective delegation from the ETI to ensure risk and uncertainty is managed within the Project
- Ensure that the Project outcomes (described in Section 1.8) are achieved within predefined time and cost constraints
- Enable the Project to have sufficient flexibility to identify and implement innovative and cost effective solutions

The ETI therefore intends to contract this Project on a planned cost basis, with a capped allowance for risk beyond which all costs shall be borne by the Project. The ETI will only pay for actual costs incurred, but a bonus of half the unused risk allowance (if any) will be payable on final Project completion (not on the completion of any individual section).

A break-down of the planned cost and ETI funding cap is required in the Respondent's Proposal. Please note the ETI can fully fund the Project as described in this RfP. However, it will consider some form of cost share as part of a Commercial Offer if the Respondent so wishes. See Appendix A, Section 12 for further details.

To ensure equal incentive, each Project Participant will be required to share this bonus payment on a pro rata basis against their respective share of the budgeted costs.

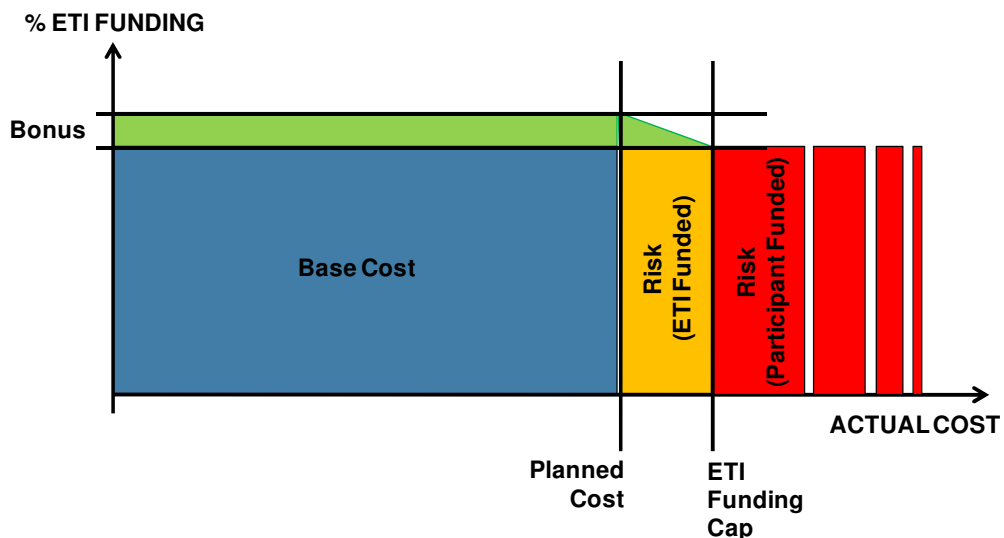


Figure 6 – Payment approach

The technical and commercial approach is designed to give the Project sufficient flexibility to optimise delivery within the available funding. Payment will only be made at the relevant Review Points, subject to completion and acceptance by the ETI of the preceding deliverables and successful completion of the relevant Review Point. Accountant's Reports supporting selected financial reports and invoiced amounts will be required prior to the ETI making payments. Details of these requirements will be agreed as part of the Project Contract negotiations during the Commissioning Process.

The ETI has set aside in the order of £30 to £40 million for the total Heavy Duty Vehicle Efficiency Programme. The ETI expects to split the budget (approximately) 50:50



between the Systems Integration activities and the Platform Technology developments. It is anticipated that this RfP will represent a moderate proportion of the overall cost of the system integration activities.

## **5. Terms and Conditions for Project Contract**

The Project will be governed by a Project Contract. A summary of anticipated key terms and conditions of the Project Contract are included in Appendix B of this RfP, for information only.

During the Project Shaping and Contract Negotiation Stage of the Commissioning Process (see Section 2.2), a full draft Project Contract will be drawn up by the ETI based on its standard contracts for projects such as this. The provisions of the draft Project Contract will incorporate and/or have due regard to the information in this Request for Proposal, the selected Respondent's Submission and other information agreed during the Commissioning Process.

As indicated in Section 2.1, the Respondent is invited to submit a notification of its intention to bid in the form included at Appendix F of this RfP, together with a signed non-disclosure agreement in the form included at Appendix E of this RfP. The ETI will only release the full terms and conditions of the draft Project Contract to the Respondent where a properly executed non-disclosure agreement is in place.

The Respondent is required to confirm its acceptance of (or identify any exceptions to) the summary terms and conditions (see Appendix B) of the Project Contract in the Statement of Compliance (see Appendix D).

Any third party funding agreements and, dependent on the selected Project structure, the Consortium Agreement between the Consortium Members and/or key Subcontracts will require review and approval by the ETI prior to signature of the Project Contract with the ETI. A model Consortium agreement is available from the ETI.

## 6. ETI Approach to Intellectual Property

The purpose of the ETI is to generate new technologies which can be optimally exploited and which will be widely accessible in the medium to long term.

The ETI therefore operates according to a set of intellectual property (IP) principles which govern how IP should be dealt with and which are reflected in the Project Contract which Project Participants enter into with the ETI.

Where a Project Participant has Background IP that is required to carry out the Project or the subsequent exploitation of any Project results, the Participant is expected to make this Background IP available on a non-exclusive basis; typically, this licence will be royalty-free where the Background IP is required for the Project, but may, if appropriate, be subject to a fair and reasonable royalty where the Background IP is required for exploitation of Project results. If Participants (or their proposed Subcontractors) fail to meet this expectation, the attractiveness to the ETI of the relevant Proposal may be adversely affected.

It is recognised that, in this Programme, it will be desirable for System Integrators and Platform Technology Developers to make their respective Background IP available where required for the purposes of the overall Programme. This may involve making Background IP available not only to other Participants within the same Project, but also to Participants in other Projects that are part of the overall Programme (i.e. to the other System Integrator(s) and Platform Technology Developers). The ETI will discuss this on a case by case basis during the initial selection of Proposals (see Section 2.1) and/or during the Project Shaping and Contract Negotiation Stage (Section 2.2) of the Commissioning Process.

Due diligence on Background IP will be required both in the Proposal (as requested at Section 13 of Appendix A of this RfP) and during the Project Shaping and Contract Negotiation Stage; Participants may be required at their own expense to undertake a patent study (see Appendix C, Section 2(ii) for further details).

The ownership and licensing of Arising IP is negotiated on a project by project basis by the ETI and potential Participants and the agreed terms are set out in the Project Contract.

In principle, the Project Participant that is best placed to manage any Arising IP will own it, although the ETI reserves the right to own Arising IP in certain circumstances. Where Arising IP is owned by a Participant, the Participant will be required to license the Arising IP it owns to the ETI exclusively, so that the ETI can in turn sub-licence it to anyone who has exploitation rights (see below).

Typically, for a limited period after completion of a Project, Arising IP will be (sub)licensed by the ETI for exploitation exclusively to the ETI Members, any Programme Associates and (if requested and subject to agreement with the ETI) one or more Participants; exploitation rights of the Project Participant(s) will be negotiated and set out in the Project Contract. In accordance with the ETI's overarching purpose, any such "exclusivity period" will be limited so that the Project results may be made available by the ETI for wider commercial exploitation in the medium to longer term.

In this Project/Programme, it is anticipated that the respective exploitation rights of the ETI, its Members, the System Integrator(s) and Platform Technology Developers (and each Participant organisation involved in each Project role) will be negotiated on a case by case basis and will depend (for example) on the Commercial Offer made to the ETI pursuant to Section 12 of Appendix A.

Participants should note that profit will not be paid for a Project in addition to the grant of a licence of Arising IP.

Generally, if requested, the ETI will grant rights to Project Participants who are academic institutions for the purposes of academic research and teaching. Publication of appropriate parts of the Project results will generally be permitted subject to an approval process.

More detailed information about the ETI's Intellectual Property Principles can be found on the ETI's website at [www.energytechnologies.co.uk/Home/aboutus/IP.aspx](http://www.energytechnologies.co.uk/Home/aboutus/IP.aspx)

## Appendix A Content and Format of Proposals

The Proposal shall be arranged according to the structure defined below and shall explicitly include all the information listed.

Please note that Phase 1 of the Programme is the subject of this RfP. However, the ETI is also requesting an outline Proposal for the governance of Phase 2 and the execution of Phase 3 for the purpose of Respondent selection.

### 1. **Executive Summary** *[maximum 2 pages]*

A summary of the Proposal, describing briefly:

- The Organisation / Consortium undertaking the work.
- Summary of the technical approach, **key** milestones and **key** deliverables (to include estimated level of CO<sub>2</sub> benefit).
- Confirmation of compliance with the requirements detailed in the Request for Proposal and/or brief summary of **key** exceptions/deviations.
- Total Project cost, funding requested from the ETI, sources of own funding and duration.

### 2. **Project Objectives** *[maximum 2 pages]*

The overall Project objectives are as specified in the Request for Proposals. The Respondent may provide subsidiary objectives if they think these are appropriate. The Respondent should also describe any Critical Success Factors which characterise a successful Project outcome or which are required to facilitate a successful Project outcome.

### 3. **Background to Proposed Participants**

#### 3.1 **Project Participants** *[maximum 1 page per Participant plus summary page]*

The Respondent should provide a brief description of each of the proposed Participant organisations, together with any proposed Subcontractors including: -

- Key skills, knowledge, experience and previous track record in the area (technical, commercial and project management, including any UK-specific issues such as technology applicability to UK systems, UK industry practice, UK market/industry knowledge, etc).
- Key staff members involved (including a designated Project Manager and Chief Technologist), with the amount of each individual's time and role which will be dedicated to the Project, and detailing their experience – with CVs included in an Appendix (maximum 2 pages per individual).
- Alternate resources available to be deployed in the event that the above key staff members become unavailable.
- Relevant quality, health, safety and environment management systems.

### **3.2 Collaborative Working** [typically 1 page]

If the Project is to be undertaken by a group of organisations (whether as a Consortium or as Subcontractors), a table (typically ½ page) should also be provided to identify which Participant(s) is/are proposed to satisfy each of the specific criteria (skills, experience, etc) listed in the 'Acceptance, Review and Selection of Proposals' Section 3.2 of the Request for Proposals.

Also, if the Project is to be undertaken by a group of organisations (whether as a Consortium or as Subcontractors), evidence of previous collaborative working (or Subcontract management as appropriate) should be provided, both within and outside the Participant group (typically ½ page).

### **4. Project Organisation** [typically 2 pages]

The Respondent should provide Project organisational, Project management, governance and control structures and processes (particularly for Consortia).

The Respondent should indicate in the structure each Participant (including the ETI) and the position of the key individuals identified in Section 1.6 (including the Respondent's Project Manager).

The Respondent should identify in their Proposal any foreseen issues or difficulties in executing a Consortium Agreement and/or Subcontracts (as appropriate).

### **5. Proposed Technology** [maximum 15 pages]

Each of the technologies proposed for the Project should be described and their individual benefit assessed. It is understood that these may be engineering estimates at this point in time.

#### **5.1 Technology (1) Description and Potential**

The Project will develop a better understanding of any proposed technologies, however, the potential of the proposed technologies will form part of the selection criteria; hence estimates are required as part of the response to this RfP.

Therefore, potential is defined as **estimated** performance against the following criteria (subset of criteria in section 3.2.1): -

- Total CO<sub>2</sub> impact for new vehicles produced in 2020.
- Level of benefit derived (in 2020 timeframe) from the Project in excess of current and future academic / industrial efforts.
- Total CO<sub>2</sub> impact in 2030 (assuming sales volume and vehicle retirement predictions).
- Cost of ownership benefits to end user in 2020.
- Technology pay-back period (as calculated using documented assumptions).
- Maturity of technologies at commencement of the Project (the ETI does not fund pure research programmes; i.e. NASA TRL level <3).
- Supply security, availability and stability of technologies or the materials required for their construction.

#### **5.2 Technology (2) Description and Potential**

## **5.n And so on for all 'n' Technologies Proposed**

### **5.n+1 Systems Integration Description and Potential**

In this section the Respondent should describe how the proposed technologies come together to create an integrated system or set of systems. Multiple combinations or concepts are encouraged at this stage as the optimum cannot yet be determined. The Respondent should highlight where technologies are additive or where they negate each other. An overall performance level should be quoted for each proposed combination or concept.

## **6. Programme of Work [typically 5-10 pages]**

The detailed programme of work is not prescribed by the ETI, but any validation and demonstration plan is expected to have multiple Work Packages involving:

- 1) Engineering modelling and analysis.
- 2) Component level and sub-systems testing.
- 3) Laboratory and small scale testing of e.g. materials.
- 4) Large scale systems design, construction and testing (the Respondent should consider the need for independent verification of any benefits derived through the Project).

The Respondent should provide a summary of the overall approach to the System Integrator role within the Programme, including a description of the Work Flow which clearly identifies the key Work Packages, their interdependencies and how they contribute to the overall Programme outcome.

Within Phase 1 of the Programme (i.e. this Project), the Work Flow should identify key Review Points and Stage Gates where overall progress on the Project will be critically reviewed.

Each Phase 1 Work Package should be broken down into Tasks and a Task-by-Task description of the proposed work provided, identifying for each Task: -

- The Task leader.
- Other Participants involved.
- Key dependencies.
- The technical approach (including use of any specific methodologies, techniques or tools).
- Task objectives.
- Deliverables, including for each deliverable a specification (e.g. quality, appearance, scope, function and purpose as appropriate) and proposed Acceptance Criteria.

As far as possible, the Respondent should be specific about the activities within the Task, e.g. including test/simulation matrices or stating a number of tests/simulations. Where Work Packages involve experimental work, Respondent should identify the proposed test facility/site and provide a high-level justification for its use.

Any issues or assumptions in defining the schedule (e.g. inputs required from the ETI or other projects) should be explicitly stated.

A specific Project management Task (or Tasks) should be identified describing all the activities in this area (e.g. regular meetings, reporting, Stage Gates etc). **Note that throughout Project delivery the ETI will require reports of monthly progress with supporting financial data, reports to substantiate completion of each milestone, etc.**

Any relevant activities related to but not included within this Project and the relationships with these activities, should also be described.

**7. Deliverables and Payment Milestones** *[typically 2 pages]*

Following the detailed specifications of each deliverable in Section 6, a summary table should be provided detailing the proposed Payment Milestones and how they related to the completion of deliverables as planned. Note that ETI policy is that Payment Milestones should be based on points in the Project where major deliverables and value have been delivered to the ETI (e.g. completion of major Tasks / work packages / reports).

**8. Project Schedule** *[typically 2 pages]*

The Respondent should provide a time schedule for the Project (e.g. in the form of a Gantt chart) showing the main Work Packages, Project stages and main Tasks within each Work Package and stage. This should clearly identify: -

- Task durations and dependencies (including any inputs required from the ETI or other parties and any other external dependencies). Timing for obtaining any environmental permitting etc should be explicitly included.
- Contingencies and the critical path.
- Project deliverables.
- Payment Milestones and other relevant milestones.
- Project Stage Gates (i.e. major review point(s) in the Project).

**9. Project Curtailment and Exit** *[typically 2 pages]*

Although the ETI is fully committed to the completion of this Project, there may be circumstances where either of the parties agree that continuing with the Project is not justified or where external circumstances prevent completion.

The Proposer should set out their view of the events or circumstances which might cause them to propose Project curtailment and the basis on which this would then occur and how any liabilities would be shared between the parties.

In addition to ongoing termination rights relating to non-performance or breach of contract, the Project Contract will include specific termination rights relating to Stage Gate Reviews, should Stage Gate criteria not be met. For each Stage Gate review set out in Section 6, the Respondent should propose outline criteria against which Project progress towards the desired outcomes should be reviewed, in respect of: -



- Project performance against plan (time/cost/quality).
- Projected techno-economic performance of the technology (i.e. refinement of projections made pre-contract).
- Development of the business case.

**10. Risk Management** [*maximum 2 pages plus Risk Register*]

The Respondent should describe in full the proposed Risk Management Strategy (i.e. how risks to the successful delivery of the Project will be identified and managed throughout the Project). They should also separately provide a Risk Register as an appendix, identifying the key challenges, risks (including any assumptions or dependencies identified earlier), issues and opportunities which may affect the successful delivery of the Project outcomes and identifying planned activities to address / mitigate each item.

Whilst not being prescriptive about the style and format of the Risk Register, it is expected that it will:

- a) Show clear evidence of triage into: those risks which are so serious in terms of frequency and impact that they need to be kept under review by the Project leadership (and regularly shared with the ETI); those risks that are sufficiently serious that they need to be managed within the Project team; and those risks which have been recognised but which are not judged as material;
- b) Identify the causes of the risk and the likelihood of them occurring during the Project;
- c) Identify the consequences of the risk and the scale of impact on Project delivery and key stakeholders;
- d) Identify the degree of knowledge or uncertainty about the risk;
- e) Identify who is the risk (or issue) manager;
- f) Show what actions are in place to reduce the likelihood of the risk materialising (controls);
- g) Show what precautions or provisions will be implemented to reduce the impact of the risk, should it occur (mitigation);
- h) Identify any actions in place to investigate or increase knowledge of poorly understood risks; and
- i) Identify any systems or actions that will be implemented to detect that a specific risk is developing, has started to occur or its likelihood or impact has increased (monitoring).

It is expected that no more than ten risks would be managed by the top team, rather more at the next level and many more that have been recognised with no further action planned. The ETI will only consider the top two categories, but proposers may provide the complete register.

A summary of key risks should be included in the Proposal, with a complete risk register as described above provided as a separate document.

#### **11. Health, Safety & Environment Management (HSE) [typically 3 pages]**

The Respondent should demonstrate an integrated approach to managing HSE throughout the Proposal.

In this section of the Proposal, the Respondent should summarise its approach to manage and coordinate HSE in the Project.

This should include key roles and responsibilities of different Participants and Subcontractors. The Respondent should demonstrate relevant experience of and competence in identifying and managing HSE issues in projects of equivalent complexity and scale, including:

- (a) Coordination and management of HSE across multiple Participants and Subcontractors, if applicable;
- (b) Incorporating safety into design, if applicable; and
- (c) HSE management evidence gathering and reporting.
- (d) The ETI will carry out a full HSE competency assessment against the Respondent (the Prime Contractor and the members of any Consortium).
- (e) In addition, the ETI expects Participants funded by the ETI to provide evidence throughout the Project that HSE is being managed and that such arrangements are adequate. The Respondent is required to set out in its Proposal how the management arrangements of its Project Organisation will enable such evidence to be provided.
- (f) The Respondent should note that specific health and safety requirements will be included in the Project Contract including reporting against health and safety performance on a periodic basis.
- (g) The Respondent will be expected to set out any key HSE risks in the Risk Register (referred to in Section 10 above) and to demonstrate that such risks will be effectively managed. In addition the Respondent is expected to identify any specific HSE issues related to specific facilities or sites.

In addition, in the event that the CDM Regulations may apply to a Project (or any part of it), the ETI expects that the Lead Coordinator or Prime Contractor will elect to act as Client and details should be included to confirm which Participant will elect to be the Client. In the case of a Project which may be notifiable, details of the proposals to appoint a CDM Coordinator and Principle Contractor should be included. The Respondent should also set out their approach to managing contractors.

To the extent that parts of the Project take place outside of the UK, the Respondent should deal with the analogous issues as they apply in the local laws of the relevant country of a Participant.

**12. Commercial Offer** *[maximum 4 pages]*

The ETI anticipates that there will be significant mutual benefit for the ETI Members (public and private sector) and the Project Participants in working together on the Project (i.e. Phase 1 of the Programme) and beyond (i.e. Phases 2 and 3 of the Programme).

The ETI and its Members propose to fund the Programme and, as a subset, this Project in order to:

- meet the ETI’s objectives; and
- generate a return on the investment made (for its Members).

The potential value generated by the Respondent’s Proposal should be detailed in this section. The Respondent should consider all types of ‘value’ and propose a fair Commercial Offer to the ETI and its Members. The Commercial Offer should be in two parts:

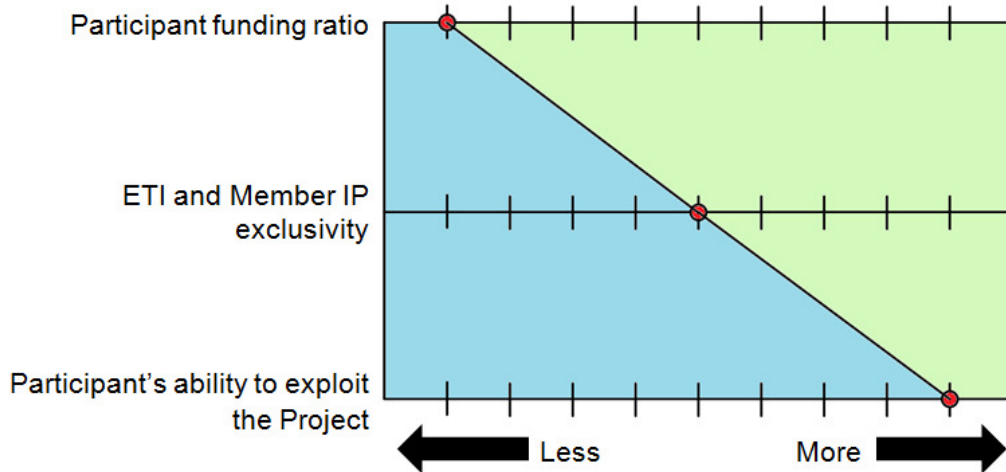
1. a definitive Commercial Offer relating to this RfP (i.e. Phase 1); and
2. a proposed Commercial Offer relating to the System Integrator role within Phases 2 and 3 of the Programme (for the purposes of Respondent selection).

The table below contains a non-exhaustive list of constituent parts which may be used to form a Commercial Offer by the Respondent.

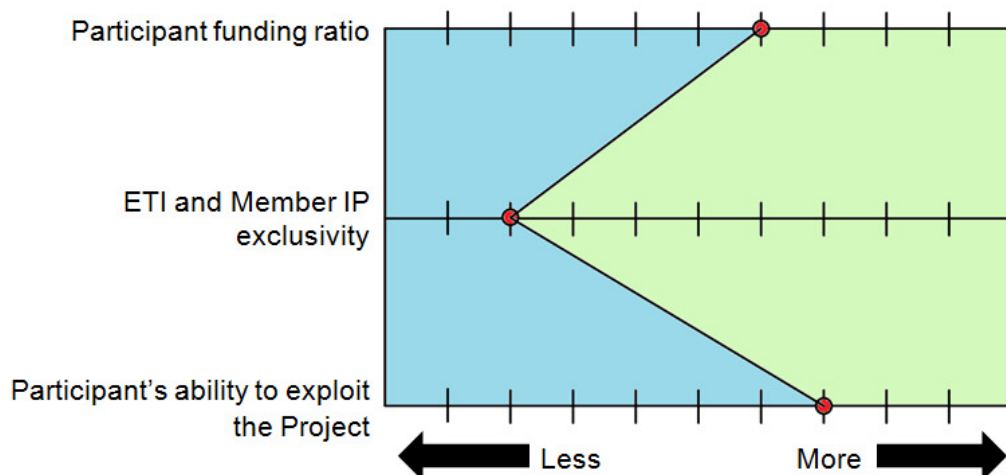
Potential Benefits	Benefit Examples
Partial Project funding	<ul style="list-style-type: none"> <li>• Monies</li> <li>• Capital (e.g. Tooling for modification)</li> <li>• Assets (e.g. Donor machines / vehicles)</li> <li>• Labour</li> <li>• Loan of facilities</li> </ul>
Intellectual Property	<ul style="list-style-type: none"> <li>• Royalty income from the sale of Intellectual Property</li> <li>• Royalty income from the sale of components or systems containing Intellectual Property</li> <li>• Early access to Arising Intellectual Property</li> </ul>
Project & Technology Exploitation	<ul style="list-style-type: none"> <li>• A Participant’s ability and willingness to influence the market (to select a new technology)</li> <li>• A Participant’s marketing and publicity capability</li> <li>• A Participant’s willingness to build or use capability in the UK</li> <li>• Ability and willingness to inform policy and legislation</li> </ul>

The schematics shown in Figure 7 & Figure 8 provide examples of the trade-off decisions that should be considered within the Commercial Offer. **Please note they do**

**not represent an exhaustive list.** The (blue) area created by the Participant cost share, IP rights, and Project / technology exploitation will define the total level of benefit to the ETI and its Members (i.e. the larger the area the greater the ETI benefit). The Respondent should reflect the total value of its offer in Sections 12, 13 and 14 of its Proposal.



**Figure 7 – Example scenario 1 - schematic only.**



**Figure 8 – Example scenario 2 - schematic only.**

Any conflicts of interest or potential competitive issues should be highlighted.

The Respondent should identify what impact the ETI funding would have on their development plans, for example: -

- Acceleration of technology development.
- Extension of technology capability.

The Respondent should outline what development path they would follow in the absence of ETI funding.

The Respondent is asked to bear in mind that although detailed negotiation of the Commercial Offer is expected during the Project Shaping and Contract Negotiation Stage, the ETI can only select a preferred Respondent on the basis of the information included in the Proposal received.

**13. Intellectual Property** *[maximum 5 pages plus Due Diligence information – Appendix C]*

Any Project commissioned by the ETI will be subject to the appropriate ETI Project Contract terms and conditions (a summary of which is included in Appendix B).

The ETI's usual approach to Intellectual Property is set out at Section 6 of this RfP. However, the ETI may consider alternative approaches proposed by the Respondent in its Submission, in particular as part of their Commercial Offer (see Section 12 above).

In any event, pending further IP due diligence during the Project Shaping and Contract Negotiation Stage of the Commissioning Process, the Respondent should provide the following information in their Proposal:

**Arising IP:**

The Respondent should provide a brief overview of the nature of any anticipated IP arising from the System Integrator role during each Phase of the Programme (the Arising IP), in particular, in what areas of the technology and what form of intellectual property rights. This should expressly include reference to development in any existing technology, any innovations, any results and know-how.

- (a) The Proposal should identify which Participant should (in the Consortium's/Prime Contractor's Submission) own each item of Arising IP and the reasons why such Participant should be the owner, including details of:
  - the overall contribution of such Participant;
  - the Intellectual Property experience and capabilities of such Participant which would justify granting it the rights and obligations of ownership, protection and maintenance of such Arising IP; and
  - any other reasons why such Participant should be the owner of the Arising IP.
- (b) The Respondent should provide details of the anticipated use or licences required of Arising IP by the Participants, any licences granted to the ETI and its Members, and any licences to other organisations participating in the overall Programme. This should also expressly include reference to development in any existing technology, any innovations, any results and know-how.

The Respondent should indicate in Section 12 how its Commercial Offer relates to the Arising IP identified in this Section 13.

Please note that the selection of a Proposal by the ETI does not indicate acceptance by the ETI of all Proposals/Submissions therein. IP rights in particular will be the subject of further negotiation during the Project Shaping and Contract Negotiation Stage.

**Background IP:**

The Respondent should describe any Background IP (e.g. patents, proprietary data, computer algorithms, know how or other IP) only to the extent there is Background IP:

- which is needed (whether by the ETI, or to be licensed from one Participant to another Participant or a Subcontractor, or to be licensed by a Subcontractor to a Participant or to another Subcontractor, or otherwise) to carry out the Project and/or the System Integrator role during Phases 2 and/or 3 of the Programme, or which may be used during the Project and/or Phase 2 and/or Phase 3 of the Programme;
- which is or may be needed by other organisations participating in the overall Programme (whether as System Integrator or Platform Technology Developer) to carry out another project that is part of the Programme; or

- which may be needed by the ETI (or any licensee of Arising IP) to exploit the Arising IP.

The description of any such Background IP should detail:

- the nature of the IP (including the legal nature of the IP right),
- rights of the Project Participant to that IP,
- ownership and control, whether this is by any of the Project Participants or by any third parties, and
- whether there is any reason why such Background IP will not be made available as and to the extent needed.

Please note that further due diligence on intellectual property will be required during the Project Shaping and Contract Negotiation Stage of the Commissioning Process (see Appendix C).

#### **Academic Institutions/Publishing:**

Generally, the ETI will grant rights to Participants who are academic institutions for the purposes of academic research and teaching if requested. Publication of appropriate parts of the Project results will generally be permitted subject to an approval process. Participants should include details of their desired requirements in relation to academic research, teaching and publication in their Proposal.

#### **14. Exploitation Plan [maximum 2 pages]**

The System Integrator's Exploitation Plan will be developed and delivered as part of Phase 3 of the Programme. However, the Respondent should set out how they **intend** to approach the commercialisation of the proposed technologies and systems. This should include: -

- How the Respondent would ensure market competitiveness of developed technologies / systems (Porter's Five Forces model can be used as a framework if desired).
- How the Respondent would ensure proposed technologies have a supply chain with core competency in its development, production and on-going support.
- End user value of technologies and systems vs. direct technology costs.
- Value chain quantification and viability against the above (please show that there is sufficient margin for all parties involved in the supply of technologies / systems).
- Identification of specific UK benefits such as development of manufacturing capability or workforce skills development.

Furthermore, the Respondent should set out how they intend to communicate and publicise the Project outcomes (i.e. Phase 1 outcomes). The target audiences should be whoever the Respondent believes are necessary for successful Project exploitation. Additionally the UK general public should be considered as a target audience.

The Respondent should indicate in Section 12 how their Commercial Offer relates to the Exploitation Plan set out in this section.

**15. Project Finances** [maximum 2 pages]

**15.1 Project Costs**

(a) The Respondent should provide:

- a figure for the target price and the ETI funding cap (as per the definitions in Section 4 of this RfP), and
- a breakdown between Tasks and between Participants against each Task.

	Participant 1 (Lead Coordinator or Prime Contractor)	Participant 2	Participant 3	Participant 4	Participant 5	Total
Milestone 1						
Milestone 2						
Milestone n						
<b>TOTAL ELIGIBLE COSTS</b>						
ETI Funding						
ETI Funding (%)						
Own Funds						
Third Party Funding (Private)						
Third Party Funding (Public)						

If there are any assumptions or limitations to these costs, these should be clearly stated.

(b) The Respondent should also provide a **breakdown of the total project costs (only)**, as specified in the Table below.

	Participant 1 (Lead Coordinator or Prime Contractor)	Participant 2	Participant 3	Participant 4	Participant 5	Total
Number of Person-days						
Base Labour						
Materials						
Subcontractors (minor)						
Travel & Subsistence						
Overheads						
Profit						
Other						
<b>TOTAL ELIGIBLE COSTS</b>						
ETI Funding						
ETI Funding (%)						
Own Funds						
Third Party Funding (Private)						
Third Party Funding (Public)						

Notes on Category Breakdown table:

1. Base Labour should include direct add-ons (e.g. NI, pension etc);
2. If a Prime Contractor/Subcontractor project structure is proposed, major Subcontractors should be considered as Participants and fill in a column in the table
3. Participants will be required to provide justification of overhead calculations during the Project Shaping and Contract Negotiations Stage. ETI can provide a spreadsheet to calculate overheads on request
4. Participants should note that profit will not be paid to Participants if they wish to receive a licence for Arising IP
5. Academic Consortium Members should determine their costs using the JeS system. Note that ETI funds Academic Consortium Members at 100% Full Economic Cost.



**16. Insurance** *[maximum 1 page]*

The Respondent should identify how Participants intend to insure against risks in the Project. The Respondent will need to work with the ETI and its insurers in the Project Shaping and Contract Negotiation Stage to ensure appropriate coverage of Project risks (see also Appendix C).

**17. Plan for Contract** *[maximum 2 pages]*

The ETI recognises that the Respondent may not be able to provide the level of detail requested in every section of this Request for Proposals document in the time allocated. The Respondent should, in this section, identify key issues to resolve before contract, for example:

- Detailing of the technical proposal: what further actions are needed;
- Project Contract – key provisions to resolve (based on the summary Project Contract terms and conditions at Appendix B);
- Timing sequences for the setting up of the selected project organisational structure (e.g. Subcontracts, Consortium Agreement etc), including any dependencies or other factors which could impact or delay the Project;
- Internal approvals - confirm what internal approvals will be required for all key Participants in the bid in order to enter into contract;
- Securing finance – identify what further actions are required to ensure that all funding arrangements are in place;
- Site selection, rights to use, planning, environmental consents and any other approvals;
- Third Party techno-economic evaluation;
- Patent study/Background IP rights.

The plan for contract should be structured, and link clearly back to, the previous sections set out in this RfP.

The Respondent should explicitly confirm that all key technical, commercial and legal resources, across the Participants, required to meet the contract deadline for signature (see Section 2) will be available to achieve a signed contract by that date. Any key risks or issues which may impact on meeting this deadline should be identified.

## **Appendix B Summary of Terms and Conditions for Project Contract**

### **Introduction**

The following represents a summary of the key contractual terms which the ETI would expect to be included in the Project Contract. This summary covers both contracting arrangements detailed at Section 1.6 of this RfP; that is, either (i) a single contractor, the Prime Contractor, which may have specific parts of the Project scope Subcontracted (subject to the approval of the ETI), or (ii) a multi-party Consortium basis.

### **Structure**

1. Where the Project will be carried out by a Prime Contractor, the Prime Contractor will manage the Project. Where there are Subcontractors, the Prime Contractor shall be solely responsible for the management and coordination of the activities of the Subcontractors. The Prime Contractor will be responsible for and administer payment for all of its Subcontractors.
2. Where the Project will be performed by a multi-party Consortium, the Participants shall be represented in dealings with the ETI by a Lead Co-ordinator, who shall, in the majority of instances, be the intermediary for any communication between the ETI and the Participants. This role includes providing notices of meetings and other activities to the ETI, reviewing and commenting on project reports (as required under the Project) and administering payment of invoices for all Participants. The Project Manager will be empowered to have sufficient authority over Participants to ensure full accountability for delivery of the Project to the ETI.

### **Project Management**

3. The Prime Contractor or, in the event of a Consortium, the Participants will appoint a Project Manager for the day-to-day management of the Project. The ETI will appoint a Programme Manager to act on behalf of the ETI with regards to the Project.
4. The Participants and, where appropriate, Sub-contractors shall form a Steering Committee to make decisions on day-to-day matters (excluding decisions affecting the overall scope, structure and timing of the Project). The frequency of meetings of the Steering Committee will be agreed with the ETI. The ETI and its Members shall be entitled to attend any meetings of the Steering Committee.
5. The Prime Contractor or, in the event of a Consortium, the Participants must fulfil various reporting obligations. The requirements for reports will depend upon the nature of the Project, the deliverables under it and the duration of the Project but are likely to include monthly reports and a final report. Each report must address a specified list of topics required by the ETI.
6. The ETI will require the right to carry out a Project review at specified review points (or from time to time at a frequency to be agreed) in order to assess whether the Project continues to deliver against ETI requirements and also in order to carry out a validation exercise against the business case. The ETI may carry out Project reviews more frequently if the Project is in jeopardy. The need for Project reviews and the definition of a Review Point will depend upon the nature of the Project.

7. The ETI will require that the Project is carried out in accordance with health and safety law and will require reports and information as evidence of such compliance from time to time (tailored to the Project).

### **Finance**

8. ETI will pay on a planned cost plus risk allowance basis, as set out at Section 4 of this RfP, ("Project Funding and Payment") against defined Payment Milestones for the work done under the Project. Acceptance of deliverables and milestones will be determined by the ETI, where appropriate, against agreed acceptance criteria. No increase in costs in carrying out the Project over and above the agreed contractual amounts will be payable by the ETI unless, until and to the extent that such charges are agreed in accordance with the ETI's contractual variation control procedure.
9. Costs are payable in Sterling and ETI will pay valid invoices within 30 days of receipt of invoice following acceptance of a milestone. An accountant's report will be required to support selected financial reports and invoices, in accordance with a standard ETI matrix.
10. The ETI reserves the right to require the return of funding in certain circumstances (such as in the event of corruption or fraud, overpayment, costs incurred in respect of unapproved project changes and failure to comply with State aid obligations).

### **Confidentiality**

11. Restrictions on disclosure of any other party's confidential information will apply. Any publication of results (if appropriate) will be subject to the confidentiality provisions in the Project Contract.

### **Audits and Records**

12. ETI will require the right to audit the Project, the Prime Contractor (alternatively, in the event of a Consortium, the Participants) and any and all Subcontractors during the Project and, in certain circumstances, up to 7 years from the end of the Project on financial or technical grounds.
13. All parties involved in the Project will be required to maintain the majority of Project records for a minimum of 10 years from the Project end date and for potentially more than 20 years where the records relate to registered intellectual property rights. The Prime Contractor shall require no less obligations from its Subcontractors.

### **Sub-contracting**

14. Sub-contracting is not permitted without consent, except for agreed known Subcontractors included/detailed in the Project Contract at signing.

### **Variation**

15. Any variations to the Project must be made via the ETI's variation control procedure.

## **Liability / Warranty / Indemnity etc.**

16. The ETI will require that warranties and undertakings be given by the Prime Contractor or Participants (as appropriate), including without limitation in relation to rights to Background IP and the amount of the Project costs spent on research and development as defined in the Income and Corporation Taxes Act 1988.
17. There will be an indemnity in favour of the ETI Members for tax losses in the event that the Prime Contractor or Participants (as appropriate) fails to provide complete and accurate information relating to the Project costs spent on research and development as defined in the Income and Corporation Taxes Act 1988.
18. The liability provisions relating to the Prime Contractor, alternatively in the case of a Consortium, the Participants, will be tailored on a case-by-case basis but are likely to be capped at the amounts payable under the Project (except in the case of IP infringement claims, certain third party claims or other liabilities which cannot be limited or excluded by law. For these claims, no cap will apply). Recovery of indirect, consequential etc. damages will usually be excluded.
19. The ETI will require an indemnity in respect of certain claims brought by any third parties against the ETI as a result of the acts or omissions of the Project Participants under the Project. The Prime Contractor will be liable for the acts and omissions of the Subcontractors.

## **Withdrawal**

20. Withdrawal from the Project is only possible with the express consent of the ETI and, in the event of a Consortium, with the unanimous consent of the other Participants. In such circumstances, the Prime Contractor or withdrawing Participant(s), as appropriate, cannot recover outstanding costs, unless otherwise agreed.

## **Termination and Suspension**

21. The ETI reserves the right to terminate the Project Contract in certain circumstances (such as breach by the Prime Contractor (which shall include without limitation a breach by a Subcontractor) or, in the event of a Consortium, a Participant, insolvency or change of control of a Prime Contractor/Subcontractor/Participant etc.). The ETI also reserves the right to terminate the Project Contract unilaterally upon giving a (to be agreed) period of notice to the Prime Contractor or Participants, as appropriate. Upon termination, the ETI will pay the eligible costs incurred by the Contractor or Participants (as appropriate) up to the date of termination.
22. The ETI will reserve the right to suspend the Project in certain defined circumstances.

## **Intellectual Property**

23. Ownership of Arising IP from the Project will be agreed during the Project Shaping and Contract Negotiation Stage. Appropriate licence provisions will be put in place to ensure adequate rights are granted to the ETI Members and, where relevant, participants (including both Participants in the Project and participants in the overall Programme).

24. The Prime Contractor (or, in the event of a Consortium, the Participants) and any Subcontractor(s) will be required to licence their Background IP: (i) to the other parties (including for the avoidance of doubt Subcontractors) involved in the Project (and, where appropriate, in the Programme) on a royalty free basis where required for the purposes of the Project (and where appropriate the Programme); and (ii) to the ETI or sub-licensees of the ETI, where required for the use or exploitation of the Arising IP.

## **Appendix C Due Diligence Information Requirements**

The ETI requires due diligence information during two Stages: (1) submission of the Proposal and (2) Project Shaping and Contract Negotiation. Certain information is required with the Proposal as part of the first Stage of the Commissioning Process. Further information will be required if any Proposal is selected to proceed to the Project Shaping and Contract Negotiation Stage.

Please note that successful completion of all elements of the due diligence is a pre-requisite to any contract award: failure to meet due diligence requirements at any stage may result in the exclusion of that Respondent or the Proposal from the ETI's selection process.

### **1. Submission of the Proposal**

#### **1.1 State Aid**

All Participants shall confirm that there are no potential, threatened, pending or outstanding recovery orders by the European Commission in respect of any funding received by any Consortium Member.

#### **1.2 General Due Diligence**

All Consortium Members (except ETI Members, universities / higher education institutions and UK/EU government laboratories / agencies) which provide more than 20% of the resources for the Project or which provide an input which is critical to the Project's success, shall provide due diligence Information to the ETI according to the table in Annex C2.

#### **1.3 Insurance**

The Respondent should confirm that insurance cover for the following risks is held by all proposed Project Participants, and should confirm levels of cover and expiry for each. The ETI will require evidence of these during the Project Shaping and Contract Negotiation Stage.

- Property damage (both any Property occupied by the Participants and any third party properties)
- Business interruption
- Employer's liability
- Public liability
- Product liability (or justify its exclusion if not appropriate)
- Professional Indemnity
- The Respondent should identify if it or any other Participant(s) self-insures for any of these risks.
- The Respondent should identify if it or any other Participant(s) is intending to take out any project-specific insurance for the Project and the scope and intended beneficiaries of such insurance.

In relation to professional indemnity insurance, the Respondent should note that the ETI has the following requirements.

Each Project Participant is required to have in place at the start of the Project a professional indemnity insurance policy (with at least a 6 month unexpired term).

- Each policy should have a limit of indemnity of not less than £1,000,000 each and every loss.
- Each policy should provide an indemnity at least as extensive as the ETI's policy (the ETI will make this assessment). For example, the cover needs to include cover for negligent acts or omissions, and dishonest or fraudulent acts or omissions by the insured).
- Each Project Participant will need to agree to maintain a professional indemnity insurance policy in force for 6 years from the date of completion of the Project.
- The ETI will require sight of the insurance policy provided by the Project Participant or a copy of a letter of confirmation from the Project Participant's insurance company or broker summarising the policy.

#### **1.4 Intellectual Property**

Initial intellectual property due diligence will be provided in the Proposal in accordance with Appendix A of this RfP (see Appendix A, Section 13).

## **2. Project Shaping and Contract Negotiation Requirements**

These are only required if a Proposal is selected to proceed to the Project Shaping and Contract Negotiations Stage, and will include:

- i. A full health and safety competency assessment will be carried out by the ETI, to assess each Participant organisation's health & safety management systems and specific technical competence to manage the risks in this Project. Any parts of the Project which fall under the CDM Regulations will be assessed in line with the CDM Approved Code of Practice, Appendix 4;
- ii. Further intellectual property due diligence. This will include a detailed Background IP questionnaire which will be issued by the ETI for completion to identify Background IP and third party IP relevant to the Project and (where appropriate) the Programme. Participants and Subcontractors (if any) may be asked to provide evidence of ownership or rights to use the relevant intellectual property for the Project / Programme and/or for exploitation of the results of the Project / Programme. The further due diligence may also include a patent study, which the Respondent will be expected to submit to the ETI. This shall be carried out, at the Respondent's expense, by a Chartered European Patent Attorney to assist in determining whether the proposed Project / Programme can be carried out without infringing valid intellectual property rights of others. Full instructions will be provided during the Project Shaping and Contract Negotiations Stage. The scope of the study and the patent attorney proposed will be subject to the prior approval of the ETI;
- iii. Financial due diligence on the breakdown of costs for the Project to enable the ETI to assess value for money and ensure that it meets State aid requirements;
- iv. Copies of insurance policies;
- v. Any other information that the ETI reasonably requires in order to fund the proposed Project including any information necessary to meet State aid requirements.

## Annex C2 Organisational Due Diligence Questionnaire

<b>Details of organisation</b>
Full name:
Registered Office:
Type of Business (sole trader, limited company, partnership etc):
Names of directors/partners/owner:
VAT number:
<b>Details of directors, partners or associates</b>
Have any directors, partners or associates of the organisation been involved in any organisation which has been liquidated or gone into receivership? (Yes/No)
Have any directors, partners or associates of the organisation been convicted of a criminal offence relevant to the business or profession? (Yes/No)
Please give (and attach if necessary) full details if you have answered 'Yes' to either of the two previous questions.
<b>Audited Financial Accounts</b>
Please supply Audited Financial Accounts for the last 3 years for the organisation, or relevant part thereof.
<b>Claims or litigation</b>
Please provide (and attach if necessary) details of any claims or litigation against the organisation, outstanding and/or anticipated.



## **Appendix D Statement of Compliance**

The Respondent shall provide a Statement of Compliance which confirms:

- That the Respondent has full authority to submit a bid on the basis of this Request for Proposal;
- That the Submission has been appropriately reviewed by technical, commercial, financial and legal representatives; and
- The level of internal approval obtained by key Subcontractors in order to make the Proposal (letters of support from each key Subcontractor should be included).

In the case of a Respondent responding on behalf of a Consortium, a separate Statement of Compliance must be signed by an authorised signatory of each Consortium Member.

The Respondent shall provide a statement that the Proposal is fully compliant with all aspects of the Request for Proposal including the summary terms and conditions of the Project Contract (Appendix B), or shall state clearly any exceptions, deviations, alternative approaches or additions to the requirements of the Request for Proposal, with justification. Additional comments and clarifications should also be listed where appropriate (for example to clarify interpretation of requirements), but these must be differentiated from any deviations / exceptions above.

With respect to the summary terms and conditions of the Project Contract (Appendix B), the Respondent must either:-

- Expressly confirm that the Proposal is made on the basis of the summary terms and conditions of the Project Contract; or
- Expressly confirm that the Proposal is made on the basis of the summary terms and conditions of the Project Contract subject to clarifications and exceptions. In these circumstances, the Respondent must include in their Submission either:
  - A copy of the summary terms and conditions of the Project Contract, marked up with the Respondent's proposed clarifications and exceptions; and
  - A separate commentary against the clarifications and exceptions setting out the reason for those clarifications and exceptions.

## Appendix E Non Disclosure Agreement

A separate version of this NDA is available on request to: [hdv@eti.co.uk](mailto:hdv@eti.co.uk)

File Ref No: GAT/HDVE/SITPD/050111

### MULTI-PARTY CONFIDENTIALITY AGREEMENT

**THIS AGREEMENT** is made on \_\_\_\_\_ of \_\_\_\_\_ 2011

#### **BETWEEN:**

1. **ENERGY TECHNOLOGIES INSTITUTE LLP**, a limited liability partnership (company no. OC333553) whose registered office is at Holywell Building, Holywell Way, Loughborough, Leicestershire, LE11 3UZ (the “**ETI**”); and
2. **The parties named in Schedule 1 of this Agreement** (the “**Respondents**”).

(Collectively the “**Parties**” and individually a “**Party**”).

#### **BACKGROUND:**

The Parties intend to exchange certain confidential information on or after the Effective Date for the Purpose. The Parties agree to receive such information and to treat it as confidential information for the Purpose on the following terms and conditions.

#### **IT IS AGREED:**

In consideration of the above and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

- 1 In this Agreement, unless the context requires otherwise, the following words shall have the following meanings:

“**Commissioning Process**” means the ETI’s commissioning process for the Project as defined in the RfP and as set out at Section 2 of the RFP;

“**Disclosing Party**” means any Party that discloses Information pursuant to this Agreement;

“**Effective Date**” means date of execution hereof;

“**ETI Affiliates**” means the Secretary of State for Business, Innovation and Skills (and any successor governmental department or agency from time to time) and any other entity which is entitled to appoint the directors or otherwise having the ability to direct management policies of the ETI (together with any affiliates of those entities), together with their respective officers, employees, agents and consultants;

“**Information**” means any and all confidential information or data exchanged, submitted or otherwise provided in respect of or further to the Purpose or prepared in relation to the Purpose, including but not limited to written Proposal documentation, due diligence

materials, contractual documentation, reports and the fact that the Parties have entered into this Agreement and are discussing and considering a business relationship;

**“Project”** means the proposed project under the ETI’s Heavy Duty Vehicle Efficiency Programme entitled Systems Integration of Platform Technologies for Heavy Duty Vehicle Efficiency;

**“Project Contract”** means a Project Contract as such term is defined in the RfP;

**“Proposal”** means a Proposal as such term is defined in the RfP;

**“Purpose”** means:

- a. the preparation of any Proposal(s);
- b. the Commissioning Process;
- c. any activities relating to the assessment of a Respondent’s Proposal(s) for the Project;
- d. the negotiation of any Project Contract; and/or
- e. any related exchanges of Information, clarifications, clearances, discussions, due diligence, meetings, or negotiations relating to the RfP, the Commissioning Process and/or the Project.

**“Receiving Party”** means any Party that receives Information pursuant to this Agreement; and

**“RfP”** means the Request for Proposals relating to the Project and issued by the ETI on 14<sup>th</sup> Feb 2011;

2 The Receiving Party shall with regard to any Information disclosed pursuant to this Agreement by or on behalf of a Disclosing Party to the Receiving Party on or after the Effective Date:

- a hold the Information in confidence and except as is otherwise stated herein or agreed in writing by the Disclosing Party, shall not disclose or make available the Information by publication or otherwise to any third party (including, for the avoidance of doubt, disclosure in any patent application or to any patent office) and shall use any Information disclosed to it pursuant to this Agreement only for carrying out the Purpose;
- b make copies of the Information (or any further information derived from the Information) in whatever form or medium only to the extent that the copies are reasonably necessary for the Purpose and clearly mark all such copies as confidential;
- c take all necessary and proper security precautions (and at least as great as those it takes to safeguard its own information) to safeguard every part of the Information to prevent it from being disclosed or otherwise made available to any third party except as permitted by this Agreement; and
- d at the request and direction of the Disclosing Party, and without delay, return or destroy any Information provided to it pursuant to this Agreement and any copies of such Information, except that one copy may be kept by the Receiving Party for archival purposes and for the purpose of defending itself against any claims arising in connection with this Agreement.

- 3 The obligations set out in clause 2 shall not apply to Information that:
  - a the Receiving Party can prove (using written or electronic records), was lawfully known to the Receiving Party or in its possession prior to its communication by or at the direction of the Disclosing Party and was not communicated to the Receiving Party subject to any restrictions on disclosure or use; or
  - b is or becomes a part of the public domain through no wrongful act of the Receiving Party or any person on its behalf, provided that this clause 3(b) shall only apply from the date that the relevant Information so enters the public domain; or
  - c the Receiving Party receives from a third party without similar obligations of confidence in circumstances where the third party did not obtain that Information as a result of a breach of an obligation of confidence; or
  - d is required to be disclosed or made available by the Receiving Party pursuant to any applicable law, governmental regulation, or decision of any court or tribunal of competent jurisdiction or any government body, agency or regulatory body.
- 4 If a Receiving Party believes it is required by law to disclose any Information under clause 3(d) above, the Receiving Party shall (in each case and to the extent not prohibited in law):
  - a provide the Disclosing Party with immediate written notice of such requirement or obligation, (together with a copy of any relevant access request, court order or other evidence giving rise to such belief) to enable the Disclosing Party to seek appropriate protective relief and/or to take other steps to resist or narrow the scope of any required disclosure;
  - b where it is not permitted in law to notify the requirement for disclosure in advance of the required disclosure, notify the Disclosing Party as soon as reasonably practicable after the disclosure confirming the nature of and extent of the disclosure; and
  - c co-operate with the Disclosing Party with respect to such matters, and in any event disclose only such Information as it has ascertained, after taking legal advice, it is legally compelled to disclose.
- 5 The provisions of this Agreement shall apply to any Information disclosed under it for a period of seven years from the Effective Date, notwithstanding the earlier completion of the Purpose, unless extended, superseded or otherwise varied by subsequent written agreement between the Parties.
- 6 ETI shall be entitled to disclose or make available any Information it receives from the Respondents (or any of them) to:
  - a such of the ETI Affiliates, and either the ETI's or the ETI Affiliates' employees, officers, secondees, agents, consultants, sub-contractors and professional advisers where such disclosure is necessary for the Purpose provided that all such aforementioned persons to whom any Information is disclosed by the ETI are bound by obligations of confidentiality. Each ETI Affiliate may enforce this clause in accordance with the Contracts (Rights of Third Parties) Act 1999; and
  - b the Department of Business Innovation and Skills, the European Commission and such other bodies and/or individuals (including without limitation professional advisers) as may reasonably be required for the notification of, to seek advice in relation to, as part of an assessment of, or otherwise in relation to, State aid.

- 7 If the Receiving Party is a Respondent, the Receiving Party shall be entitled to disclose or make available any Information it receives from the Disclosing Party to such of the Respondent's employees, officers, consultants, and professional advisers where such disclosure is necessary for the Purpose. The Receiving Party warrants and represents that all such persons to whom any Information is disclosed are bound by obligations that are no less restrictive than those in this Agreement. The Receiving Party shall be responsible for breaches of the obligations by such persons. In the case of consultants the Receiving Party agrees not to disclose any of the Disclosing Party's Information without first obtaining the prior written consent of the Disclosing Party and having met all conditions or restrictions required by the Disclosing Party.
- 8 The Parties agree that money damages would not be a sufficient remedy for any breach of this Agreement and that the Disclosing Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach. Such remedy shall not be deemed to be the exclusive remedy for breach of this Agreement, but shall be in addition to all other remedies available at law or equity.
- 9 No rights or obligations other than those expressly set out in this Agreement are to be implied and nothing contained in this Agreement:
  - a constitutes an offer by or on behalf of the Disclosing Party; or
  - b confers upon the Receiving Party a licence or other transfer of rights in respect of any Party's interest in any Information or in any present or future patent or patent application; or
  - c affects the present or prospective rights of the Disclosing Party under the patent laws of any country or precludes the filing or prosecution of any patent applications by the Disclosing Party.
- 10 This Agreement represents the entire agreement between the Parties in relation to the subject matter contained herein and supersedes all other agreements and representations, whether oral or written. This Agreement may only be modified if such modification is in writing and signed by a duly authorised representative of each Party.
- 11 The Parties agree that the ETI may disclose that one or more of the Respondents are involved in discussions with the ETI and the subject matter of the discussions provided that the ETI will provide a copy of any press release or other announcement to the Respondents and seek the approval of the Respondents prior to its publication or release. Other than as set out in this clause, the Parties will not make any public announcements, statements or otherwise publicise the subject matter of this Agreement (or its existence) without the prior written consent of the Parties and no Party will use the business names or trademarks of any Party in any way without that Party's prior written consent.
- 12 It is not intended that a third party (other than an ETI Affiliate) should have the right to enforce a provision of this Agreement pursuant to Contracts (Rights of Third Parties) Act 1999.
- 13 The rights of the Disclosing Party under this Agreement are in addition to and not exclusive of rights under the general law and may be waived only in writing and specifically. Delay in exercising or non-exercise of any right under this Agreement is not a waiver of that or any other right, partial exercise of any right under this Agreement shall not preclude any further or other exercise of that right or any other right under this Agreement and waiver of a breach

of any term of this Agreement shall not operate as a waiver of breach of any other term or any subsequent breach of that term.

- 14 If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:
  - a the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
  - b the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.
- 15 Nothing in this Agreement is intended to or shall operate to create a partnership or joint venture of any kind between the Parties, or to authorise either Party to act as agent for the other, and neither Party shall have authority to act in the name or on behalf of or otherwise to bind the other in any way.
- 16 Except as provided otherwise, no person may assign any of its rights under this Agreement or any document referred to in it.
- 17 This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute an original of this Agreement, but all the counterparts shall together constitute the same agreement. No counterpart shall be effective until each party has executed at least one counterpart.
- 18 This Agreement shall be construed in accordance with and governed by English law and the Parties hereby submit to the non-exclusive jurisdiction of the English Courts.

The Parties have caused this Agreement to be executed by their duly authorised representatives.

**ENERGY TECHNOLOGIES INSTITUTE LLP**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE 1**

Respondent	Signature
<p>[Insert name of Company] (company no. [Insert Company number]) [Insert address of Company]</p>	<p>By: _____ Name: _____ Title: _____</p>
<p>[Insert name of Company] (company no. [Insert Company number]) [Insert address of Company]</p>	<p>By: _____ Name: _____ Title: _____</p>
<p>[Insert name of Company] (company no. [Insert Company number]) [Insert address of Company]</p>	<p>By: _____ Name: _____ Title: _____</p>
<p>[Insert name of Company] (company no. [Insert Company number]) [Insert address of Company]</p>	<p>By: _____ Name: _____ Title: _____</p>
<p>[Insert name of Company] (company no. [Insert Company number]) [Insert address of Company]</p>	<p>By: _____ Name: _____ Title: _____</p>
<p>[Insert name of Company] (company no. [Insert Company number]) [Insert address of Company]</p>	<p>By: _____ Name: _____ Title: _____</p>

## Appendix F Notification of Intention to Bid

The following form is to be received at the address (postal or email) on the front cover no later than the date defined on the front cover and in Section 2.3 of this RfP.

### Notification of Intention to Submit a Proposal

Respondent Name: [Legal Name]

Address: [Registered Office Address]

Contact:

Email/telephone:

The above named Respondent hereby notifies the ETI of its intention to submit a Proposal in response to the ETI's Request for Proposal entitled 'Systems Integration of Platform Technologies for Heavy Duty Vehicle Efficiency', issued on 14<sup>th</sup> February 2011.

The Respondent submits this notification on its own behalf and on behalf of the following proposed [Consortium Members][Subcontractors]:

Please list below the legal names of the organisations / entities proposed to deliver the Project.

1. [Enter Name]
2. [Enter Name]
3. [Enter Name]
4. [Enter Name]
5. [Enter Name]
6. [Enter Name]
7. [Enter Name]
8. [Enter Name]
9. [Enter Name]
10. [Enter Name]

Signed: \_\_\_\_\_

For and on behalf of the Respondent.

Name: \_\_\_\_\_

Date: \_\_\_\_\_



## Appendix G Glossary

Term	Definition
Arising IP	Any intellectual property which is created by or for any Participant during the Project or for the purposes of the Project.
Background IP	Any intellectual property which existed prior to any Participant's commencement of the Project and which was created by or for the Participant.
Bidder	See Respondent
Commercial Offer	The commercial offer as defined in Appendix A, Section 12.
Commissioning Process	The commissioning process for the Project as described in Section 2.3.
Consortium	The group of organisations described in Section 1.6 which may decide together to submit a Proposal to carry out the Project and be governed by a Consortium Agreement between themselves. This will not include the ETI itself or any Subcontractors.
Consortium Member	An organisation which forms part of the Consortium.
Consortium Agreement	The agreement to be entered into between the organisations together forming a Consortium, as described in Section 1.6, which governs the execution of the Project within the Consortium.
ETI	The Energy Technologies Institute LLP, a limited liability partnership (Company no. OC333553) whose registered office is at Holywell Building, Holywell Way, Loughborough, Leicestershire LE11 3UZ.
Final Detailed Offer	A final and detailed offer represents the offer made once all of the contractual issues have been negotiated and the Commercial Offer has been agreed. Typically, this occurs at the end of the Project Shaping and Contract Negotiation Stage.
Lead Coordinator	The organisation which is a Consortium Member, and which manages and coordinates the activities of all the Consortium Members, and which acts as the primary interface between the Consortium and the ETI, as described in Section 1.6.
Lower Drivetrain	A lower drivetrain is a mechanical energy transmission system that takes energy from an engine and gearbox and transmits it to the track or wheel hubs of a particular vehicle. I.e. the drivetrain which sits <i>lower</i> within the vehicle than the engine and gearbox.
Member	Means the industry members and other members of the ETI (including affiliates of such members) from time to time, including Secretary of State for Business Innovation and Skills or other member who is a member of Her Majesty's Government, its representatives or agents.
Own Funds	Funding sourced by the Respondent's own resources and not dependent in any way on third party lending to either the Respondent or member of the Respondent's group.
Participant	Either the Prime Contractor or a Consortium Member.
Payment Milestone	A contract milestone with defined constituent deliverables, associated deliverable acceptance criteria, and milestone value (all to be detailed in the Respondent's Proposal and agreed in the Project Contract) which should be completed in order to reach the said milestone, and at which, subject to acceptance by the ETI that the milestone has in fact been reached, payment may be claimed from the ETI on the terms defined in Appendix B.
Phase	The Programme is split into 3 main phases. See Section 1.4.
Platform Technology	A sub-system or component which can be applied across a wide range of vehicle markets, types and powers with little fundamental re-engineering required.

<b>Term</b>	<b>Definition</b>
Platform Technology Developer	A Consortium or Prime Contractor that is responsible for delivering Platform Technology (to the System Integrator's specifications where appropriate).
Prime Contractor	A sole organisation which contracts with the ETI to manage the Project. It may have Subcontractors.
Programme	The ETI's Heavy Duty Vehicle Efficiency programme, of which the Project is a constituent part.
Programme Associate	A programme associate of the ETI from time to time
Programme Manager	The individual appointed by the ETI to manage the Programme, and to whom the Project Manager is accountable.
Project	The System Integrator project for which the purpose, scope of work and other details are described in this Request for Proposals.
Project Contract	The contract, as described in Section 5, to be entered into between the ETI and the Participants (whether between the Consortium Members or a Prime Contractor)
Project Manager	The individual who is appointed by the Lead Coordinator or Prime Contractor, or is otherwise agreed by the Project Participants, to carry out its responsibilities.
Project Organisation	The entity or group of entities / organisations, and the contracting and management structure which they adopt, as described in Section 1.6, which together will carry out the Project if commissioned by the ETI and includes any Consortium Members or Prime Contractor and any Subcontractors.
Project Shaping and Contract Negotiation Stage	Stage 2 of the commissioning process (see Section 2.2).
Proposal	The proposal for the Project submitted to the ETI, as described in Section 3.1, in response to this Request for Proposals.
Public Funding	Any funding provided by a public authority or agency.
Requirements Cascade	The process of taking customer requirements at the vehicle level and disseminating them down the product hierarchy to system, sub-system and component levels to allow for the efficient design of the product.
Respondent	The organisation submitting a Proposal to the ETI on behalf of the Participants, as described in Section 1.6.
Review Point	A Project review involving Project Participants and ETI representatives at which the overall progress of the Project or a specific Work Package will be critically reviewed and following which a formal decision will be made on the future of the Project.
Risk Register	See Appendix A, Section 10.
SCR	A form of Diesel engine exhaust after-treatment. Selective Catalytic Reduction (SCR) of the Oxides of Nitrogen (NOx) using Ammonia as the reductant.
Selection Criteria	The selection criteria (including Generic Criteria, Specific Technical Criteria and Commercial Criteria) set out in Section 3.2.1
Stage	Contract commissioning is in 2 Stages (see Section 2): Stage 1 – Response to RfP and selection, Stage 2 – Project Shaping and Contract Negotiation.
Stage Gate	A major Project Review Point involving Project Participants and ETI representatives at which the overall performance and business case for the Project will be critically reviewed and following which a formal decision will be made whether to continue with the Project, based on whether agreed Stage Gate Criteria have been met.

<b>Term</b>	<b>Definition</b>
Statement of Compliance	A statement of compliance as required by Appendix D.
Subcontract	A contractual arrangement between a Participant and another organisation to which work for the Project has been subcontracted.
Subcontractor	An organisation which has a Subcontract.
Submission	The components set out in Section 3.1, including the Respondent's Proposal submitted by the Respondent in response to this Request for Proposals.
System Integrator	A Consortium or Prime Contractor that is responsible for delivering a coherent set of sub-systems and components which, when combined, provide excellent customer perceived performance and significant CO <sub>2</sub> reductions. I.e. 'the whole is greater than the sum of its parts'.
Task	A significant activity or group of activities (within a Work Package) which results in completion of a deliverable or a significant part of one, or which represents a significant step in the process towards one.
Work Breakdown Structure (WBS)	The Work Breakdown Structure is a tree structure, which shows a subdivision of effort required to achieve an objective; for example a program, project, and contract.
Work Flow	A Work Flow consists of a sequence of connected steps. It is a depiction of a sequence of operations, declared as work of a person, a group of persons or an organisation.
Work Package (WP)	A major section of the Project scope of work, which may be identified in this Request for Proposals or in the Respondent's Proposal, in order to break up the scope of work into separate manageable parts. A Work Package will usually consist of a number of Tasks.