

## Appendix 1: RECCo Procurement Principles

We developed our Procurement Principles in 2022 and shared them with service providers and industry. Both were well received and since then, they have been utilised for all new substantive procurement activity. In 2023, the principles were updated to emphasise the importance of considering Ethical, Climate, and Sustainability practices beyond compliance with Law by service providers as part of procurement.

Tenders will be scored on the basis of quality and price and awarded on “Most Economically Advantageous Tender”.

### Our procurement objectives are:

- Act as the intelligent customer on behalf of the industry;
- Procure services that are value for money, scalable and adaptable;
- Procure services using data-driven decisions; and
- During the service life deliver operational and cost efficiencies.
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### Acting as the intelligent customer comes with caveats:

- RECCo is spending industry money, not RECCo money;
- Services should only be procured to deliver either a current REC Service requirement or to meet a new requirement;
- REC defines the service need. RECCo has discretion on how it's provided, and
- Need to strike a balance between innovation and return on industry investment.

### Our procurement approach:

- **Competitive procurement** wherever possible and (if economically and technically advantageous to do so) as often and as early as possible.
- **Flexible approach:**
  - Procure from the ‘market’ where it is economical to do so.
  - Focused procurement from existing service providers, where considered the best option.
  - Non-competitive award in exceptional cases only and then subject to reserved CEO or CFO approval.

- **Invest in procurement preparation** (e.g. business case, market engagement, clearly defined requirements, specialist and/or technical expertise involvement, etc.)
- **A balanced service provider portfolio** of “partners” and “vendors”

**The process** is structured but will be flexible and iterative and allow for negotiation; will use proven best practice; will be proportional to service risk/value/criticality; is fair, equitable and transparent; and have clearly defined decision-making and approval authorities with sign-off gateways and a realistic timescale.

**Individual procurement strategies will be determined by use of a decision matrix, including criteria such as:**

- Alignment with REC / Business Purpose;
- Impact on End Users / Industry and operational impact;
- Leverage of market expertise/innovation;
- Time to implement;
- Cost and Resource Impact;
- Service provider ethical and/or climate impact practices; and
- Risk / Exposure.

**Evaluate on quality and price:**

- Independent assessment by knowledgeable assessors (inc. industry reps where appropriate);
- Quality assessors blind to bid financials and commercials;
- Bidder presentations where appropriate (the “delivery team”); and
- Weighting for Quality (min 70%) and Price (min 20%).

**Contracts:**

- Are ‘recognisable’ by the market and are proportional to service risk;
- Risk with those best placed to manage it;
- Includes a clear service definition and an appropriate performance regime;
- Where appropriate and economic to do so, require enhanced ethical and/or climate impact considerations beyond compliance with Law; and
- “Softer” elements of relationship, innovation, continual improvement etc.
- A clear pathway to transition to managing the provider (mobilisation and operation).