

## SCHEDULE 16

### Benchmarking

#### 1. Utility Cost Benchmarking Procedure

- 1.1 In respect of Benchmarked Utilities, the Operator shall be entitled to carry out the Cost Benchmarking Procedure to determine the Cost Figure and any adjustment to the Annual Payment in accordance with this schedule 16 to take effect from the relevant Cost Benchmarking Date.
- 1.2 If the Operator wishes to submit a Benchmarked Utility to a Cost Benchmarking Procedure it must issue a notice in writing to that effect to the Authority no later than five Business Days before a Cost Benchmarking Date.

#### 2. Cost Benchmarking Proposal

- 2.1 Following issue of a notice referred to in paragraph 1.2, where the Operator intends to implement a Cost Benchmarking Procedure, the Operator shall within two months of the Cost Benchmarking Date, carry out at its own cost a benchmarking procedure with a view to establishing the information set out in paragraph 2.2 and the Cost Figure and shall by the end of the same two month period, deliver to the Authority its proposals for the Cost Figure and any consequential adjustment of the Annual Payment (the "**Cost Benchmarking Proposal**").
- 2.2 The Cost Benchmarking Proposal shall be in a report containing all of the following information on a per Facility basis provided by the Operator:
  - 2.2.1 the Base Utility Cost (index-linked) and Actual Utility Cost for the period since the last Cost Benchmarking Date (or for the first Cost Benchmarking Procedure, since the Commencement Date);
  - 2.2.2 in addition to the Actual Utility Cost, any supporting evidence relevant to the particular Benchmarked Utility including invoices paid and actual consumption levels at the Facility with reference to the applicable Target Consumption Level;
  - 2.2.3 any efficiency steps which the Operator has taken to reduce the impact of higher utility costs;
  - 2.2.4 any mitigatory steps which might reasonably be taken to reduce the future impact of increased utility costs;
  - 2.2.5 details of any tendering for supply of Benchmarked Utilities recently undertaken, including brokerage arrangements;
  - 2.2.6 details and an analysis of tariff changes, charges and structures of four natural gas and electricity suppliers or alternatively the details and an analysis of tariff charges and structures tendered by natural gas and electricity suppliers for any portfolios to which the Operator has access since the last Cost Benchmarking Date where gas or electricity is being benchmarked;

- 2.2.7 the proposed Cost Figure for the relevant Benchmarked Utility and the proposed consequential adjustment to the Annual Payment;
  - 2.2.8 the methodology and all assumptions by which the Cost Figure has been determined;
  - 2.2.9 any proposed re-based "Base Benchmarked Utility Cost per Unit" for each relevant Benchmarked Utility in respect of the next Cost Benchmarking Period;
  - 2.2.10 assessments made in respect of the Benchmarked Utilities by a Comparable Market (in so far as such information is available after having made reasonable enquiry);
  - 2.2.11 evidence in support of each of the criteria used to determine the Cost Figure and proposed consequential adjustment to the Annual Payment;
  - 2.2.12 full details of sources of information used in establishing the Cost Figure and proposed consequential adjustment to the Annual Payment;
  - 2.2.13 in respect of each component of the Cost Figure and proposed consequential adjustment to the Annual Payment, a breakdown of how each is comprised;
  - 2.2.14 any other evidence required (so as to provide further evidence to that already provided) to support the proposed consequential adjustment to the Annual Payment and enable a decision to be made by the other party;
  - 2.2.15 such other details as the parties may agree at the time.
- 2.3 The parties shall meet within one month of the Authority receiving the Cost Benchmarking Proposal to review and discuss the Cost Benchmarking Proposal taking into account the following:
- 2.3.1 any above CPI change relating to price movement since the last Cost Benchmarking Date (or for the first Cost Benchmarking Procedure, since the Base Date) as identified through enquiries with local and national providers in accordance with paragraph 2.2.6 and taking into account utility prices paid by the Authority; and
  - 2.3.2 actual consumption levels at the Facilities in comparison to the applicable Target Consumption Levels.
- 2.4 For the avoidance of doubt, subject to clause 14.8, the impact of changes to the unit cost of the Benchmarked Utilities only shall be considered by the parties and not consumption levels. The consumption levels applied to such unit costs will be the actual consumption levels up to but no greater than the relevant Target Consumption Levels. For the avoidance of doubt, subject to the other terms of this Agreement, where the Benchmarked Utility consumption level is above the relevant Target Consumption Level, any cost associated with such excess shall be met by the Operator.
- 2.5 By a date that is no more than two months after receipt of the Cost Benchmarking Proposal the Authority shall respond to the Operator in writing indicating whether or not

it accepts the Cost Benchmarking Proposal. If the Authority agrees (or the parties otherwise agree in writing) the content of the Cost Benchmarking Proposal, the proposed re-based "Base Benchmarked Utility Cost per Unit" for each relevant Benchmarked Utility and the proposed variation to the Annual Payment, paragraph 3 of this schedule shall apply. If the Authority rejects the Cost Benchmarking Proposal the matter shall be determined by the Dispute Resolution Procedure.

- 2.6 If the Authority fails to respond to the Cost Benchmarking Proposal within the period referred to in paragraph 2.5 above, it shall be deemed to have approved the Cost Benchmarking Proposal, the proposed re-based "Base Benchmarked Utility Cost per Unit" for each relevant Benchmarked Utility and the proposed variation to the Annual Payment and paragraph 3 of this schedule shall apply.

### 3. Implementation

- 3.1 Where the Cost Figure is agreed, deemed agreed or determined pursuant to paragraph 2 of schedule 16 (*Benchmarking*):

3.1.1 to be a negative number:

3.1.1.1 where the Annual Payment is a Surplus Annual Payment, it shall be decreased by the full amount of the Cost Figure; or

3.1.1.2 where the Annual Payment is a Deficit Amount, it shall be increased by the full amount of the Cost Figure; or

3.1.2 to be a positive number

3.1.2.1 where the Annual Payment is a Surplus Annual Payment, it shall be increased by the full amount of the Cost Figure; or

3.1.2.2 where the Annual Payment is a Deficit Amount, it shall be decreased by the full amount of the Cost Figure;

and such adjustment shall be effective from the relevant Cost Benchmarking Date, and, as appropriate, backdated to such date so that the total Cost Figure is applied to adjust the Annual Payment for the remainder of the Service Period (allowance being made for Contract Year 4 onwards to reflect the first Cost Benchmarking Procedure being fifteen (15) months i.e. in Contract Year 3 the Annual Payment is adjusted by the entire amount of the Cost Figure but for Contract Years 4 – 15, it is adjusted pro rata).

- 3.2 For the avoidance of doubt the Base Benchmarked Utility Cost per Unit set out in Table 1 of appendix 1 to this schedule will be reset at the end of each Cost Benchmarking Procedure, to reflect the terms agreed, deemed agreed or determined pursuant to paragraph 2 of schedule 16 (*Benchmarking*).

## **APPENDICES TO PART 2**

Appendix 1                      Target Consumption Levels

## APPENDIX 1

### Target Consumption Levels

1. The following Table 1 shall apply for each relevant year of the Contract Period for the Facilities.

**Table 1 - Target Consumption Levels**

Benchmark ed Utility	Facility	Target Consumption Level  Per Annum	Unit of Measurement	Base Benchmarked Utility Cost Per Unit (£)*	Total Base Utility Cost at Target Consumption Level  (£)
District Heat Network	Ponds Forge International Sports Centre	9,428,000	kWh		
Biomass Heat Network	English Institute of Sport Sheffield (EISS)	871,000	kWh		
Biomass heat Network	Ice Sheffield	2,135,000	kWh		
Gas	Ponds Forge International Sports Centre	73,311	kWh		
Gas	English Institute of Sport Sheffield (EISS)	798,115	kWh		
Gas	Ice Sheffield	693,237	kWh		
Gas	Hillsborough Leisure Centre	4,675,636	kWh		
Gas	Concord Leisure Centre	1,927,414	kWh		
Gas	Springs Leisure Centre	988,257	kWh		
Gas	Heeley Pool and Gym	863,701	kWh		

Benchmark ed Utility	Facility	Target Consumption Level  Per Annum	Unit of Measurement	Base Benchmarked Utility Cost Per Unit (£)*	Total Base Utility Cost at Target Consumption Level  (£)
Gas	Birley Wood Golf Course	58,682	kWh		
Gas	Tinsley Park Golf Course	n/a	kWh		
Gas	Beauchief Golf Course	152,712	kWh		
Gas	Graves Health and Sports Centre	2,002,000	kWh		
Gas	Thornccliffe Health and Sports Centre	1,975,000	kWh		
Gas	Wisewood Sports Centre	100,688	kWh		
Electricity	Ponds Forge International Sports Centre	4,977,407	kWh		
Electricity	English Institute of Sport Sheffield (EISS)	1,609,048	kWh		
Electricity	Ice Sheffield	3,254,545	kWh		
Electricity	Hillsborough Leisure Centre	948,886	kWh		
Electricity	Concord Leisure Centre	434,241	kWh		
Electricity	Springs Leisure Centre	172,701	kWh		
Electricity	Heeley Pool and Gym	150,000	kWh		

Benchmark ed Utility	Facility	Target Consumption Level  Per Annum	Unit of Measurement	Base Benchmarked Utility Cost Per Unit (£)*	Total Base Utility Cost at Target Consumption Level  (£)
Electricity	Birley Wood Golf Course	22,691	kWh		
Electricity	Tinsley Park Golf Course	40,730	kWh		
Electricity	Beauchief Golf Course	49,340	kWh		
Electricity	Graves Health and Sports Centre	1,100,000	kWh		
Electricity	Thornccliffe Health and Sports Centre	452,000	kWh		
Electricity	Wisewood Sports Centre	75,000	kWh		
Water	Ponds Forge International Sports Centre	36,232	Cubic Meter (m³)		
Water	English Institute of Sport Sheffield (EISS)	9,494	Cubic Meter (m³)		
Water	Ice Sheffield	24,022	Cubic Meter (m³)		
Water	Hillsborough Leisure Centre	16,164	Cubic Meter (m³)		
Water	Concord Leisure Centre	12,300	Cubic Meter (m³)		
Water	Springs Leisure Centre	4,444	Cubic Meter (m³)		

Benchmark ed Utility	Facility	Target Consumption Level  Per Annum	Unit of Measurement	Base Benchmarked Utility Cost Per Unit (£)*	Total Base Utility Cost at Target Consumption Level  (£)
Water	Heeley Pool and Gym	4,634	Cubic Meter (m³)		
Water	Birley Wood Golf Course	1,011	Cubic Meter (m³)		
Water	Tinsley Park Golf Course	63	Cubic Meter (m³)		
Water	Beauchief Golf Course	4,115	Cubic Meter (m³)		
Water	Graves Health and Sports Centre	6,000	Cubic Meter (m³)		
Water	Thornccliffe Health and Sports Centre	3,430	Cubic Meter (m³)		
Water	Wisewood Sports Centre	860	Cubic Meter (m³)		

\*For the avoidance of doubt, the cost per unit shall include all relevant fixed costs/ standing charges relating to that utility.

\*\*For Ponds Forget District Heat Network – please note this is a blended rate between day and night time rates provided during the Tender.

Ponds, EISS and Ice Sheffield also consume gas i.e. not all heat is provided by District Heat and Biomass Networks.