

Flexible Power 2020 Cycle 1 Procurement of Demand Response Services - Results

Apr 2020



Background

Western Power Distribution (WPD) recognises that within its distribution area many electricity consumers have the potential to decrease import by shifting demand away from peak periods or the ability increase export by switching their consumption to on-site generation. Where WPD has a known constraint on its network, it wishes to enter into contract with these consumers which will allow WPD to utilise this demand and generation flexibility in return for a payment. This type of arrangement is widely referred to as demand response. Constraints on WPDs network are confined to specific geographical locations, WPD defines these locations as Constraint Management Zones (CMZs). WPD has been seeking to procure demand response services within CMZs it has identified and published on its Flexible Power website, www.flexiblepower.co.uk.

2020 Procurement Cycle 1

WPD's 2020 Procurement Cycle 1 demand response requirements were across 42 CMZs, totalling 334MW. Requirements were published on 6th January and the tender window was open from 3rd February to 13th March.

This was WPDs fifth procurement exercise following the initial launch of Flexibility procurement in 2016. Building on learning from previous engagements, in 2019 we implemented new procurement & pricing methods which are described in the following sections.

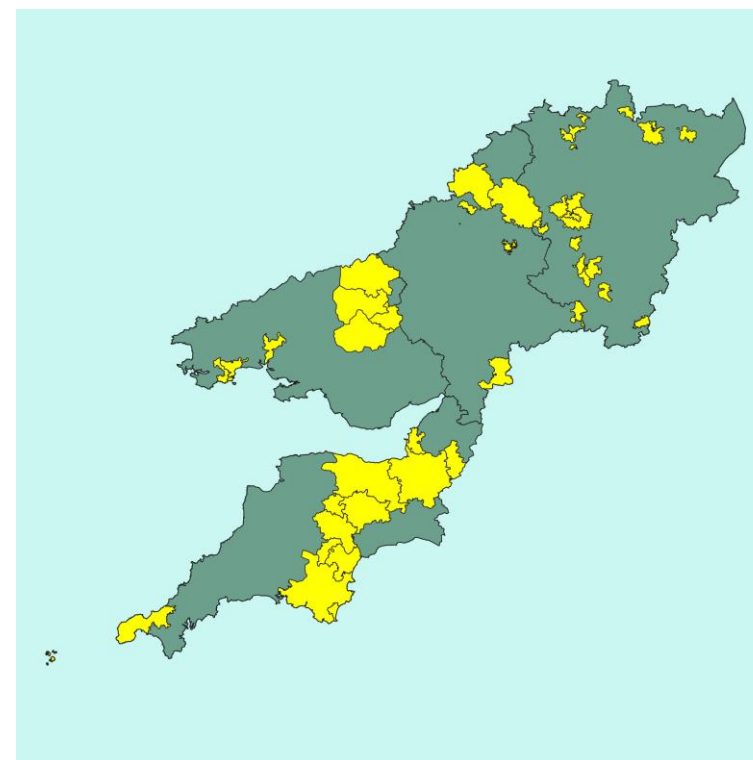


Image 1: Locations of the 42 CMZs identified in WPDs distribution area.

Procurement

In 2019 WPD announced its decision to procure all flexibility through formal tender. To facilitate this WPD implemented a Dynamic Purchasing System (DPS) for its demand response requirements. The DPS holds records of all potential flexibility providers that would like the opportunity to respond to a current or future flexibility tender. DPS registration is enduring; therefore WPD will provide DPS registration to any party without restriction.

In order to join the DPS, interested parties are required to first register their interest via WPD's [Periodic Indicative Notice \(PIN\)](#). All parties who respond to the PIN and complete a Pre-Qualification Questionnaire (PQQ) are added to the DPS. The PQQ does not assess technical or commercial ability to provide services; requiring only the contact details of the potential provider and, if available, high-level information about their potential assets.

Parties registered onto the DPS will go on to receive a formal Invitation to Tender (ITT) to all of WPD's upcoming demand response requirements. DPS registrants have the choice to respond to each ITT should they consider they have potential assets within the locational boundary of any Constraint Management Zone (CMZ) open for tender at that time.

Pricing

WPD has previously calculated a fixed price for flexibility within our CMZs based on cost efficiency set at around £300/MWh for the contract. From 2019 onwards, WPD has implemented a phased [pricing strategy](#), which will seek market led pricing where feasible;

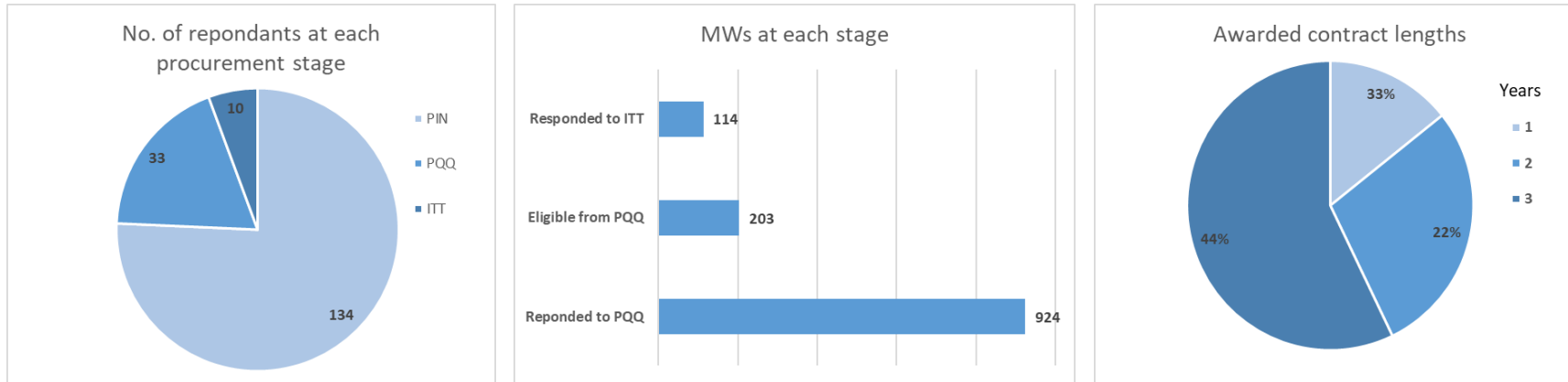
- Where the procurement process finds there is not a sufficient amount of flexibility to provide a competitive market, then we will continue to use a fixed price in that zone.
- Where there is sufficient competition, the procurement process will derive a clearing price for the zone to be used in the contract.
- This will be based on the highest price submitted by the group of lowest priced participants that can meet the full amount of system needs, including redundancy.

Within the tender, WPD asked all bidders to acknowledge their understanding of the pricing strategy and provide a market price offer, which may be higher or lower than WPD's fixed prices, should the CMZ go to [clearing](#).

Results

Following completion of the tender, WPD awarded 9 contracts totalling 94.8MW.

Response data



Contracted Asset Mix

Asset type	No.	MW
Generator	5	38.9
Demand Turndown	3	0.1
Storage	40	0.5
Other	0	0
Unrecruited/aggregated	75	55.3
Total	123	94.8

Summary

- 10 ITT responses which included 88 bids totalling 114MW, covering all 42 CMZs.
- 3 bids totalling 20MW were not located within CMZs and were not awarded.
- Compliant ITT responses were assessed for CMZ clearing potential, no CMZs had required level of competition.
- All contracts were awarded on a fixed price basis, 9 in total.

Procurement results by zone

CMZ Name	Service Requirement	Zones MW Peak	Number of bids received	MW Total of bids received	Fixed pricing or clearing	MW awarded in previous rounds	Unfulfilled MW
East Midlands							
Alfreton	Summer	4	1	0.8	Fixed	0.0	3.1
Ashby/Willesley	Winter	1	2	0.3	Fixed	0.0	0.8
Chesterfield Main	Winter	1	1	0.2	Fixed	0.0	1.0
Clowne	Winter	1	1	0.2	Fixed	0.0	0.6
Coalville	Winter / Summer	22	1	4.3	Fixed	0.0	17.2
Grassmoor	Winter / Summer	2	1	0.4	Fixed	0.0	1.6
Hinckley	Winter / Summer	5	3	17.3	Fixed	0.0	0.0
Lincoln - Beevor Street	Winter / Summer	3	2	0.3	Fixed	1.0	1.4
Lincoln - North Hykeham	Winter	4	2	0.3	Fixed	1.3	2.5
Mantle Lane	Winter / Summer	46	1	0.0	Fixed	1.0	45.3
Nailstone	Winter / Summer	4	1	0.9	Fixed	0.0	3.5

Weedon	Winter	2	1	0.3	Fixed	0.0	1.3
Woodbeck	Winter / Summer	2	1	0.3	Fixed	0.0	1.3
Woodhall Spa	Winter	1	2	0.2	Fixed	1.1	0.0
West Midlands							
Apollo - Tamworth	Winter	3	2	0.9	Fixed	0.0	2.2
Donnington	Winter / Summer	3	2	0.3	Fixed	1.0	1.6
Meaford	Winter / Summer	17	2	5.3	Fixed	0.0	11.3
Oldbury	Winter	11	2	2.7	Fixed	0.0	8.2
Tamworth Main	Winter	3	2	1.1	Fixed	0.0	1.9
Union Street - Rugby	Winter	1	2	0.5	Fixed	0.0	0.7
South Wales							
Abergavenny - Builth Wells	Winter / Summer	4	2	1.1	Fixed	0.0	3.3
Abergavenny - Brecon	Winter / Summer	9	2	2.1	Fixed	0.0	7.0
Abergavenny - Glasbury	Winter / Summer	3	2	0.8	Fixed	0.0	2.0
Llandrindod - Rhayader	Winter / Summer	1	1	0.2	Fixed	0.0	0.7
Pembroke - BroadField	Winter / Summer	2	2	0.7	Fixed	0.0	1.4

Pembroke - St Florence	Winter / Summer	1	3	0.5	Fixed	0.0	0.7
Pembroke - Tenby	Winter / Summer	2	2	0.6	Fixed	0.0	1.2
Trevaughan	Winter	1	1	0.2	Fixed	0.0	1.0
South West							
Bridgwater/Street	Summer	10	5	2.4	Fixed	5.6	1.6
Exeter City	Winter	10	3	1.5	Fixed	61.0	0.0
Hayle - Camborne	Winter	11	2	0.0	Fixed	1.0	10.2
Isles of Scilly	Winter	0	1	0.0	Fixed	1.6	0.0
Moretonhampstead	Winter	1	2	0.4	Fixed	0.0	0.7
Newton Abbot	Winter	11	3	1.0	Fixed	1.0	8.6
Plymouth/South Hams	Summer	42	4	2.6	Fixed	21.6	17.7
Radstock	Winter / Summer	3	3	1.5	Fixed	1.8	0.0
Stokenham	Winter	1	1	0.2	Fixed	0.0	0.6
Taunton GSP	Winter	68	5	36.2	Fixed	0.0	32.2
Tiverton	Winter / Summer	10	2	3.0	Fixed	0.0	6.9

Weston Super Mare	Winter	4	2	1.4	Fixed	0.0	2.3
Witheridge	Winter	1	2	0.3	Fixed	0.0	0.5
Brimscombe	Winter	4	3	1.7	Fixed	0.0	2.5
Totals Cycle 1		334	85	94.8		99.0	206.5

Awarded in Cycle 1	94.8
Awarded in previous rounds	99.0
Awarded in previous zones*	24.0
Grand Total	217.7

*In earlier procurement rounds, WPD have sought to procure services in the following 5 zones which were not included in 2020 cycle 1 procurement; Banbury, Bletchley, Rugby, Rugeley & Smethwick. To date, these zones have total a contracted response of 24MW.

This latest round of procurement brings WPDs total amount of contracted Flexibility to 217MW across a total of 47 CMZs.

WPD will continue to formally procure flexibility in CMZs which are unfulfilled in MW capacity contracted and/or have insufficient market competition, while also identifying new CMZ locations across the network. New CMZ locations will be announced on the 29th June 2020.

Procurement cycles

WPD will continue to run biannual procurement cycles, the timetables for 2020 and 2021 procurement windows are detailed below. WPD also reserves the right to withdraw or add procurement at any time throughout the year.

2020 Procurement dates

Procurement cycle 1

6th January 2020 – Proposed CMZs published
3rd February 2020 – ITT issued to all participants accepted onto the DPS
13th March 2020 – ITT Deadline
3rd April 2020 – Procurement results

Procurement Cycle 2

29th June 2020 – Proposed CMZs published
3rd August 2020 – ITT issued to all participants accepted onto the DPS
11th September 2020 – ITT Deadline
5th October 2020 – Procurement results

2021 Procurement dates

Procurement cycle 1

11th January 2021 – Proposed CMZs published
8th February 2021 – ITT issued to all participants accepted onto the DPS
19th March 2021 – ITT Deadline
9th April 2021 – Procurement results

Procurement Cycle 2

28th June 2021 – Proposed CMZs published
2nd August 2021 – ITT issued to all participants accepted onto the DPS
10th September 2021 – ITT Deadline
1st October 2021 – Procurement results

Find out more

The Flexible Power website is dedicated to providing visibility of the services WPD is looking to procure, it contains detailed information about active CMZs and supporting documentation. The website can be viewed at www.flexiblepower.co.uk.

Any parties wishing to participate in the next cycle of procurement should first respond to the [Periodic Indicative Notice \(PIN\)](#). Alternatively, please contact the Flexible Power team: WPDFlexiblePower@westernpower.co.uk.