



Flexible Power

Procurement Results

2021 CYCLE 1

ISSUED MAY 17 2021

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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 WPD's 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 2

WPD's 2021 Procurement Cycle 1 demand response requirements were across 38 CMZs, totalling 238.8MW. Requirements were published on 11th Jan and the tender window was opened on 19th March.

WPD extended to procurement timeline to allow the latest version of the ENA Standard Flexibility Agreement ([version 1.2](#)) to be used to contract with all successful bidders. Successful bidders were notified on 5th May.

This was WPD's seventh procurement exercise following the initial launch of Flexibility procurement in 2016.

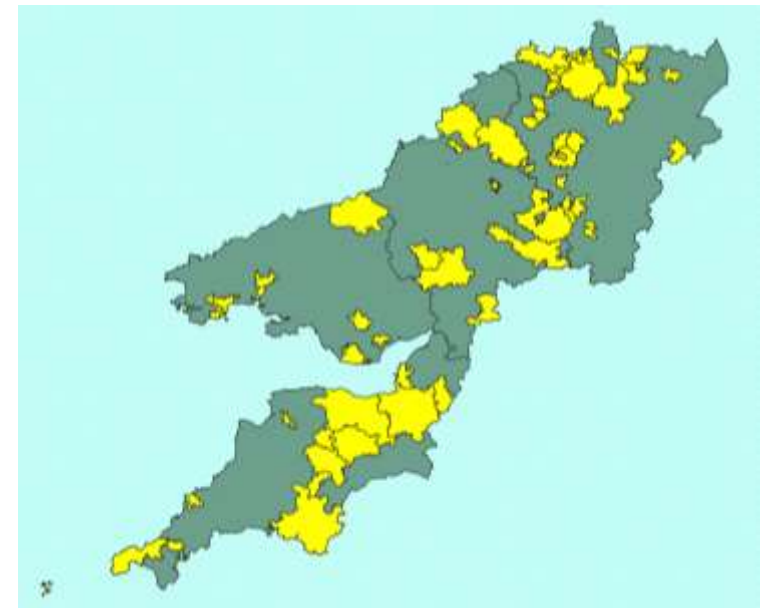


Image 1: Locations of the 38 CMZs identified in WPD's distribution area.



Procurement Process

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 Strategy

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;

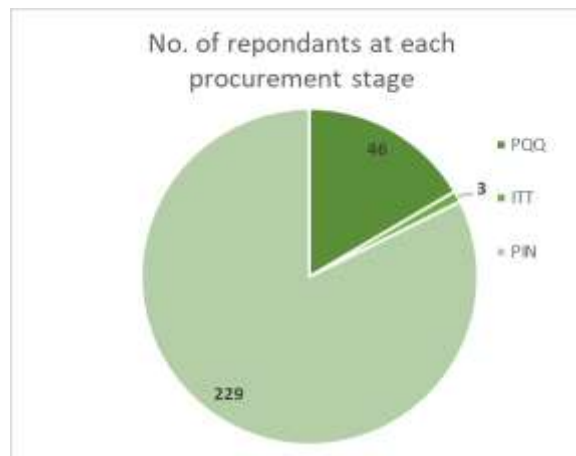
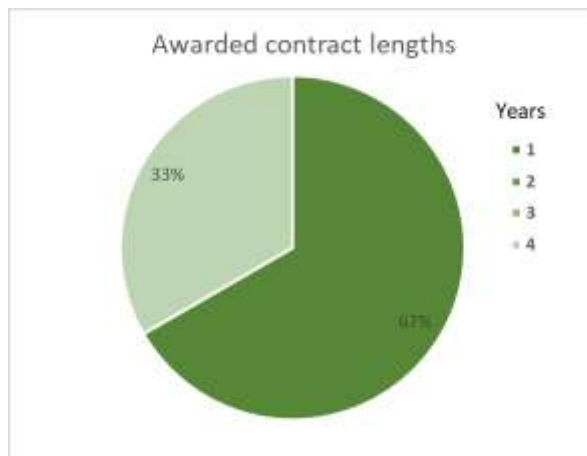
- Where the procurement process finds there is not a sufficient amount of flexibility to provide a competitive market, then we will continue to use a fixed price in that zone.
- Where there is sufficient competition, the procurement process will derive a clearing price for the zone to be used in the 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](#).

2021 Cycle 1 Results

Following completion of the tender, WPD awarded 3 contracts totalling 16.7MW.

RESPONSE DATA



Contracted Asset Mix

Asset type	No.	MW
Renewable Generation	4	0.0144
Non-renewable Generation	4	16
Storage	1	0.7
Flexible Demand	0	0
Other	0	0
Unrecruited/unknown	0	0
Total	9	16.7144

SUMMARY

- 3 ITT responses received, which include a total of 5 bids.
- 5 out of the 38 CMZs received bids.
- No CMZs had required level of competition to proceed to clearing.
- All contracts were awarded on a fixed price basis, 3 in total.

PROCUREMENT RESULTS BY ZONE

CMZ NAME	SERVICE REQUIREMENT	SERVICES	ZONES MW PEAK	NUMBER OF BIDS RECEIVED	MW TOTAL OF BIDS RECEIVED	FLEXIBILITY NEEDS MET?	ELIGIBLE FOR CLEARING TEST ¹	FIXED PRICING OR CLEARING	PRICE	MW AWARDED IN PREVIOUS ROUNDS	UNFULFILLED MW
Alfreton	Summer	Dynamic & Restore	2.96	0.00						0.79	2.17
Apollo - Tamworth	Winter	Secure & Restore	1.91	0.00						0.87	1.04
Berkswell SGT	Summer	Dynamic & Restore	6.01	1.00	0.008	N	N	Fixed	£305 & £600	0.00	6.00
Chesterfield Main	Winter	Secure & Restore	1.21	0.00						0.25	0.96
Clowne	Winter	Dynamic & Restore	1.29	1.00	0.700	N	N	Fixed	£305 & £600	0.16	0.43
Coalville	Winter/ Summer	Dynamic & Restore	31.90	0.00						4.31	27.59
Crowland	Winter	Secure & Restore	0.33	0.00						0.00	0.33
Grassmoor	Winter/ Summer	Secure & Restore	4.46	0.00						0.39	4.07

¹ To test if a zone should proceed to clearing the two zonal bids with the largest capacity are subtracted, if remaining capacity can meet the peak of the zone then all bids will proceed to clearing



Lincoln-Anderson Lane	Winter	Secure & Restore	4.15	0.00						0.00	4.15
Loughborough	Winter/ Summer	Dynamic & Restore	23.38	0.00						0.00	23.38
Mackworth	Winter	Secure & Restore	0.45	0.00						0.00	0.45
Manton	Winter/ Summer	Dynamic & Restore	2.28	0.00						0.00	2.28
Nailstone	Winter/ Summer	Dynamic & Restore	3.52	0.00						0.87	2.65
New Dove Valley	Winter/ Summer	Secure & Restore	2.63	0.00						0.00	2.63
Tamworth Main	Winter	Secure & Restore	1.90	0.00						0.00	1.90
Union Street - Rugby	Winter	Secure & Restore	0.62	0.00						0.00	0.62
Woodbeck	Winter/ Summer	Dynamic & Restore	1.37	0.00						0.31	1.06
Cardiff North	Winter/ Summer	Dynamic & Restore	35.71	0.00						0.00	35.71
East Aberthaw	Summer	Dynamic & Restore	2.46	0.00						0.00	2.46
Llandrindod - Rhayader	Winter/ Summer	Dynamic & Restore	1.17	0.00						0.18	0.99



Mountain Ash	Winter	Secure & Restore	2.28	1.00	16.000	Y	N	Fixed	£300 & £600	0.00	0.00
Pembroke - BroadField	Winter/Summer	Dynamic & Restore	1.60	0.00						0.67	0.93
Pembroke - St Florence	Winter/Summer	Dynamic & Restore	0.72	0.00						0.48	0.24
Pembroke - Tenby	Winter/Summer	Dynamic & Restore	6.63	0.00						0.61	6.02
Trevaughan	Winter	Dynamic & Restore	1.87	0.00						0.24	1.63
Bridgwater/Street	Summer	Dynamic & Restore	13.90	0.00						21.32	0.00
Hayle - Camborne	Winter/Summer	Dynamic & Restore	28.34	0.00						1.03	27.31
Isles of Scilly	Winter	Secure & Restore	0.53	0.00						1.59	0.00
Moretonhampstead	Winter	Dynamic & Restore	1.70	0.00						0.40	1.30
Roundswell	Winter/Summer	Dynamic & Restore	3.10	0.00						0.00	3.10
Tiverton	Winter	Dynamic & Restore	5.95	0.00						9.48	0.00
Truro - Truro Treyew	Winter	Dynamic & Restore	6.19	0.00						0.00	6.19



Weston Super Mare	Winter	Dynamic & Restore	8.01	0.00						9.43	0.00
Witheridge	Winter/ Summer	Secure & Restore	0.94	1.00	0.004	N	N	Fixed	£300 & £600	0.33	0.61
Brimscombe	Winter	Dynamic & Restore	5.21	0.00						1.68	3.53
Feckenham South	Winter	Dynamic & Restore	13.21	0.00						0.00	13.21
Hereford - Ledbury Ring	Winter	Secure & Restore	5.71	1.00	0.004	N	N	Fixed	£300 & £600	0.00	5.71
Hereford BSP	Winter	Secure & Restore	3.23	0.00						0.00	3.23

RESULT	MW
Awarded in Cycle 1	16.71
Awarded in previous rounds	55.37
Awarded in previous zones²	384.39
Grand Total	456.48

² In earlier procurement rounds, WPD have sought to procure services in zones which were not included in this procurement cycle.



AWARDS

COUNTERPARTY	VOLUME AWARDED	PRICING STRUCTURE	SERVICES	£ PRICE AWARDED (A/U) ³	TECHNOLOGY	CONTRACT LENGTH
Lightsource Labs Holdings Limited	0.015	Fixed	Secure Dynamic Restore	125/175 5/300 0/600	Battery	1 year
Zenobe Energy Limited	0.7	Fixed	Dynamic Restore	5/300 0/600	Battery	1 year
Cynon Power Limited	16	Fixed	Secure Restore	125/175 0/300	Engine (combustion / reciprocating)	4 years

³ Availability/Utilisation



PROCUREMENT CYCLES

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 11th January 2021.

WPD will continue to run biannual procurement cycles, the timetables for 2021 and 2022 procurement windows are detailed below. WPD also reserves the right to withdraw or add procurement at any time throughout the year.

2021 Procurement dates

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

2022 Procurement dates

Procurement cycle 1

10th January 2022 – Proposed CMZs published

7th February 2022 – ITT issued to all participants accepted onto the DPS

18th March 2022 – ITT Deadline

8th April 2021 – Procurement results

Procurement Cycle 2

27th June 2022 – Proposed CMZs published

1st August 2022 – ITT issued to all participants accepted onto the DPS

9th September 2022 – ITT Deadline

30th September 2022 – 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 WPD Flexible Power team: WPDFlexiblePower@westernpower.co.uk