



# Flexible Power

## Procurement Results

2021 CYCLE 2

ISSUED OCT 11 2021

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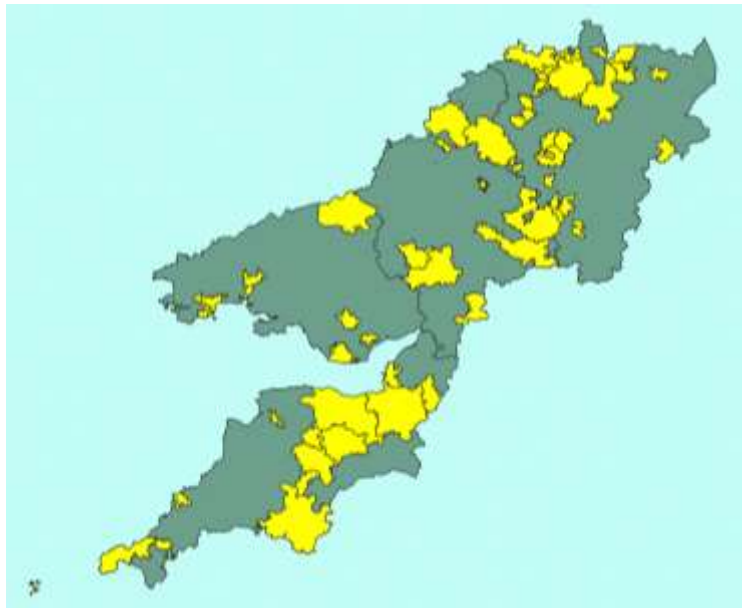




# Background

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](http://www.flexiblepower.co.uk).

## 2021 PROCUREMENT CYCLE 2



WPD's 2021 Procurement Cycle 2 demand response requirements were across 44 CMZs, totalling 258.47MW. The timetable for this round was as follows;

### Procurement Cycle 2

- 28<sup>th</sup> June 2021 – Proposed CMZs published
- 2<sup>nd</sup> August 2021 – ITT issued to all participants accepted onto the DPS
- 10<sup>th</sup> September 2021 – ITT Deadline
- 1<sup>st</sup> October 2021 – Contracts awarded
- 11<sup>th</sup> October 2021 – Procurement results published

This was WPD's eighth formal procurement exercise following the initial launch of flexibility procurement in 2016.



## Procurement Process

WPD procures all flexibility requirements through formal tender. To facilitate this WPD use a Dynamic Purchasing System (DPS). 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 2 Results

Following completion of the tender, WPD awarded 4 contracts totalling 252.6MW.

## TECHNOLOGY TYPES

Contracted Asset Mix

Asset type	No.	MW
Renewable Generation	6	37.018
Non-renewable Generation	2	13.2
Storage	1	50
Flexible Demand	54	152.38
Other	0	0
Unrecruited/unknown	0	0
<b>Total</b>	<b>63</b>	<b>252.598</b>

## SUMMARY

- 4 ITT responses received, which included a total of 63 bids.
- All of the 44 included in this round CMZs received bids.
- No CMZs had required level of competition to proceed to clearing.
- All contracts were awarded on a fixed price basis, 4 in total.
- All contracts were awarded on a 4 year basis



## 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 <sup>1</sup>	FIXED PRICING OR CLEARING	PRICE	MW AWARDED IN PREVIOUS ROUNDS	UNFULFILLED MW
<b>Aberaeron</b>	Winter/Summer	Dynamic	0.76	1	0.350	N	N	Fixed	305.00	0.00	0.41
<b>Alfreton</b>	Summer	Dynamic	2.96	1	1.400	N	N	Fixed	305.00	0.79	0.77
<b>Apollo - Tamworth</b>	Winter	Secure	1.91	1	1.230	Y	N	Fixed	300.00	0.87	0.00
<b>Berkswell SGT</b>	Summer	Dynamic	6.01	3	0.207	N	N	Fixed	305.00	0.01	5.79
<b>Bridgwater/Street</b>	Summer	Dynamic	13.90	5	81.654	Y	N	Fixed	305.00	21.32	0.00
<b>Brimcombe</b>	Winter	Dynamic	5.21	1	5.380	Y	N	Fixed	305.00	1.68	0.00

<sup>1</sup> 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



<b>Cardiff North</b>	Winter/ Summer	Dynamic	35.71	2	10.150	N	N	Fixed	305.00	0.00	25.56
<b>Chesterfield Main</b>	Winter	Secure	1.21	2	1.960	Y	N	Fixed	300.00	0.25	0.00
<b>Clowne</b>	Winter	Dynamic	1.29	1	1.600	Y	N	Fixed	305.00	0.86	0.00
<b>Coalville</b>	Winter/ Summer	Dynamic	31.90	2	7.810	N	N	Fixed	305.00	4.31	19.78
<b>Crowland</b>	Winter	Secure	0.33	2	0.720	Y	N	Fixed	300.00	0.00	0.00
<b>East Aberthaw</b>	Summer	Dynamic	2.46	1	0.200	N	N	Fixed	305.00	0.00	2.26
<b>East Yelland</b>	Winter	Dynamic	7.22	1	7.700	Y	N	Fixed	305.00	0.00	0.00
<b>Feckenham South</b>	Winter	Dynamic	13.21	1	13.920	Y	N	Fixed	305.00	0.00	0.00
<b>Grassmoor</b>	Winter/ Summer	Secure	4.46	1	2.870	N	N	Fixed	300.00	0.39	1.20





<b>Hayle - Camborne</b>	Winter/ Summer	Dynamic	28.34	1	9.810	N	N	Fixed	305.00	1.03	17.50
<b>Hemyock</b>	Winter/ Summer	Dynamic	1.87	1	0.980	N	N	Fixed	305.00	0.00	0.89
<b>Hereford - Ledbury Ring</b>	Winter	Secure	5.71	3	6.594	Y	N	Fixed	300.00	0.00	0.00
<b>Hereford BSP</b>	Winter	Secure	3.23	3	44.150	Y	N	Fixed	300.00	0.00	0.00
<b>Ilkeston</b>	Winter/	Dynamic	5.10	2	2.940	N	N	Fixed	305.00	0.00	2.16
<b>Isles of Scilly</b>	Winter	Secure	0.53	1	0.400	Y	N	Fixed	300.00	1.59	0.00
<b>Lincoln-Anderson Lane</b>	Winter	Secure	4.15	1	4.710	Y	N	Fixed	300.00	0.00	0.00
<b>Llandrindod - Rhayader</b>	Winter/ Summer	Dynamic	1.17	2	1.330	Y	N	Fixed	305.00	0.18	0.00
<b>Llanfyrnach</b>	Winter	Dynamic	3.28	1	0.360	N	N	Fixed	305.00	0.00	2.92





<b>Loughborough</b>	Winter/ Summer	Dynamic	23.38	1	8.410	N	N	Fixed	305.00	0.00	14.97
<b>Mackworth</b>	Winter	Secure	0.45	1	1.230	Y	N	Fixed	300.00	0.00	0.00
<b>Manton</b>	Winter/ Summer	Dynamic	2.28	1	1.190	N	N	Fixed	305.00	0.00	1.09
<b>Moretonhampstead</b>	Winter	Dynamic	1.70	1	0.920	N	N	Fixed	305.00	0.40	0.38
<b>Mountain Ash</b>	Winter	Secure	2.28	1	2.680	Y	N	Fixed	300.00	16.00	0.00
<b>Mullion</b>	Winter	Dynamic	1.41	1	0.560	N	N	Fixed	305.00	0.00	0.85
<b>Nailstone</b>	Winter/ Summer	Dynamic	3.52	1	1.270	N	N	Fixed	305.00	0.87	1.38
<b>New Dove Valley</b>	Winter/ Summer	Secure	2.63	1	2.410	N	N	Fixed	300.00	0.00	0.22
<b>Pembroke - BroadField</b>	Winter/ Summer	Dynamic	1.60	1	0.930	N	N	Fixed	305.00	0.67	0.00



<b>Pembroke - St Florence</b>	Winter/ Summer	Dynamic	0.72	1	0.330	Y	N	Fixed	305.00	0.48	0.00
<b>Pembroke - Tenby</b>	Winter/ Summer	Dynamic	6.63	1	0.440	N	N	Fixed	305.00	0.61	5.58
<b>Roundswell</b>	Winter/ Summer	Dynamic	3.10	1	0.960	N	N	Fixed	305.00	0.00	2.14
<b>Tamworth Main</b>	Winter	Secure	1.90	1	2.980	Y	N	Fixed	300.00	86.22	0.00
<b>Tiverton</b>	Winter	Dynamic	5.95	1	6.020	Y	N	Fixed	305.00	9.48	0.00
<b>Trevaughan</b>	Winter	Dynamic	1.87	1	0.940	N	N	Fixed	305.00	0.24	0.69
<b>Truro - Truro Treyew</b>	Winter	Dynamic	6.19	1	2.590	N	N	Fixed	305.00	0.00	3.60
<b>Union Street - Rugby</b>	Winter	Secure	0.62	2	1.440	Y	N	Fixed	300.00	0.16	0.00
<b>Weston Super Mare</b>	Winter	Dynamic	8.01	2	7.260	Y	N	Fixed	305.00	9.43	0.00



<b>Witheridge</b>	Winter/ Summer	Secure	0.94	1	0.810	Y	N	Fixed	300.00	0.33	0.00
<b>Woodbeck</b>	Winter/ Summer	Dynamic	1.37	1	0.800	N			305.00	0.31	0.26

RESULT	MW
<b>Awarded in 2021 Cycle 2</b>	<b>252.59</b>
<b>Awarded in previous rounds</b>	<b>158.48</b>
<b>Awarded in previous zones<sup>2</sup></b>	<b>297.92</b>
<b>Grand Total</b>	<b>708.99</b>

<sup>2</sup> 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) <sup>3</sup>	TECHNOLOGIES	CONTRACT LENGTH
<b>Lightsource Labs Holdings Limited</b>	<b>0.0144</b>	Fixed	Secure Dynamic Restore	125/175 5/300 0/600	Renewable Generation	4 years
<b>Octopus Energy Limited</b>	<b>149.53</b>	Fixed	Secure Dynamic Restore	125/175 5/300 0/600	Flexible Demand	4 years
<b>Conrad Energy (Trading) Limited</b>	<b>100.2</b>	Fixed	Secure Dynamic Restore	125/175 5/300 0/600	Non-renewable Generation  Storage	4 years
<b>Electric Miles Limited</b>	<b>2.85</b>	Fixed	Secure Dynamic Restore	125/175 5/300 0/600	Flexible Demand	4 years

<sup>3</sup> 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 10<sup>th</sup> January 2022.

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

### 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](http://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](mailto:WPDFlexiblePower@westernpower.co.uk)