

# Procurement Outcome Report

## Framework 1100 – Electricity and Ancillary Services

### Purpose

This document provides customers with information regarding the recent retendering of YPO's Electricity and Ancillary Services.

Details contained in this report provide background information regarding the procurement activity and outcomes and can assist customers in securing any internal approvals to proceed. Additionally, next steps are identified to assist customers with accessing the contract.

### Framework Information

The Framework is for the Supply of Electricity and Ancillary Services for use by any public sector or not-for-profit organisation. It is designed to meet the needs of YPO and other Contracting Authorities by establishing a lead agreement between YPO and the successful supplier; with the Contracting Authority electing to call off this agreement with themselves and the successful supplier.

Contracting Authorities will have a choice of a Flexible contract with selected purchasing strategies, Fixed Price (Wholesale price fixed, Metering and transportation on pass through) and Fully Fixed (Commodity and Non-Commodity charges are fixed).

This procurement activity establishes the YPO Framework Agreement 1100 Supply of Electricity and Ancillary Services which replaces YPO Framework 791 Flexible Procurement and Supply of Electricity.

This is an eight-year framework with Npower for the period 1<sup>st</sup> April 2023 - 31<sup>st</sup> March 2031. There will be an initial framework duration of four years with two additional two-year extension options. The commercial approach to establish a longer-term contractual arrangement with the successful supplier is to ensure deeper support for Contracting Authorities Net Zero programmes, as one of the biggest contributors to carbon emissions is energy consumption. Power Purchase Agreements (PPAs) will form part of this framework, to get the maximum benefit from this type of agreement.

Additionally, Wholesale electricity prices are currently at the highest ever and having a longer-term contractual arrangement, will allow for YPO to operate an enhanced trading strategies that reflect the changing world economic climate and minimise the risk of sleeving complexity to another provider.

The procurement activity was designed to appoint a supplier around a year in advance of the end of the current framework to allow for prompt Contracting Authority sign up and for YPO to run effective wholesale trading procurement strategies.

The Framework has one lot and appointed a sole supplier – Npower, who is also the existing supplier. There is no requirement for eligible customers to take part in a further competition and direct award is the method of appointment.

### Procurement Activity

The procurement activity commenced in Winter 2021 with customer involvement through the Energy Initiatives Steering Group (EISG). Supplier engagement commenced shortly afterwards with suppliers invited to present to YPO. Topics the suppliers presented on included customer service, trading, billing, social value and corporate social responsibility and functionality of their web portal.

The Invitation to Tender was issued on 25/02/2022, with prospective suppliers given a 6-week response window to submit their responses through the YPO Proactis e-tendering portal. The closure date for tender submissions was originally set as 04/04/2022, however this was extended until 06/04/2022 following clarifications.

The tender consisted of the following sections:

**Standard Selection Questionnaire (SQ) and Additional Selection Questions**

This Section asked the tenderers about company information, financial and economic information, whether the company or directors have been involved in any criminal activities, whether they have avoided paying tax or social security obligations, whether they have been in breach of environmental, social and labour law obligations. Tenderers also had to provide three references as part of their submission and meet the requirements under the Modern Slavery Act 2015. They had to comply with equality, environmental and health /safety legislation. This section also covered questions on GDPR, ethical sourcing, supply change visibility and past performance.

Tenderers also had to demonstrate they had the following insurances in place:

- Employers (Compulsory) Liability Insurance = £5 million
- Public Liability Insurance = £10 million
- Professional Indemnity Insurance - £5 million
- Product Liability Insurance - £5 million

CRITERION	PERCENTAGE WEIGHTINGS
Cost	30%
Trading Support	10%
Customer Onboarding, Exiting and Billing	15%

Customer Service, Customer Transition and Online Portal	25%
Social Value / Sustainability	20%

**Mandatory Requirements**

In total there were 90 Mandatory requirement questions, which used a simple pass/fail methodology. The questions covered the following sections Trading, Metering, Management information, Billing, Contract management, Customer Service and Account Management, Corporate Social Responsibility, Social Value, Responsible Procurement, Data Recovery/Security, TUPE, Rebates and Pricing. If any tender failed any of these questions, they would be disqualified and would not progress to the scored questions.

**Technical Award Criteria** – The table below shows the breakdown of each section of the evaluation criteria

In total there were 18 scored questions and the responses from tenderers were given a score between 0 and 5 using the following methodology:

Response	Score
Excellent Response with requirements being met and exceeded in some areas. Showing a comprehensive understanding and the ability to deliver to a high standard. Evidence relating to the proposed requirements shows high quality.	5
Good Response with requirements being met with nothing other than a few minor exceptions which are acceptable to the evaluation team. Reasonable understanding and the ability to deliver to a high standard. Evidence in relation to the proposed requirements shows good quality.	4
Acceptable answer with requirements being met in part but not fully. A reasonable understanding to have the ability to deliver the requirements. Evidence to show that the requirements are suitable for the purpose but have not met the standard expected.	3
Poor Response where some requirements are being met but there are some large exceptions. Concerns that the requirements proposed would not be suitable for use.	2
Target requirements only met on a few occasions. Low standard Response. Major concerns that the requirements proposed would be suitable for use.	1
Answer not met the requirements at all. No evidence that the requirements would be suitable.	0

The cost section evaluated the supplier's management fee (85%) and the power purchase agreement margin (15%).

Pricing was evaluated by following the pro-rata form of evaluation, where the lowest price submitted scores the maximum % available and subsequent bids will be scored on a pro rata basis.

There were 4 organisations who submitted a response.

The suppliers responding were:

- Npower
- EDF
- SSE
- Total Gas and Power

Evaluation was conducted during April and early May 2022 with independent evaluation taking place by four members of the YPO Energy Team. Their independent scoring of the responses was then scrutinised at internal moderation meetings on 4<sup>th</sup> and 5<sup>th</sup> May 2022, and consensus scores for the tenders were agreed.

The tender outcome placed Npower as the winning tenderer with the following scores:

<b>Total Weighted Quality Score (Max 50)</b>	<b>Total Social Value and Sustainability (Max 20)</b>	<b>Total Weighted Price Score (Max 30)</b>	<b>Total Weighted Score (Max 100)</b>
<b>35.50</b>	<b>17.20</b>	<b>25.50</b>	<b>78.20</b>

The tender award was made on 26/05/2022, and a 10-day standstill period observed to allow all suppliers to raise a challenge to the decision if required. There were no challenges received. Full feedback was given to all tenderers at their request and debrief sessions were held.

### Procurement Outcomes

The bulk of the pricing element score was made up of the Supplier management fee which represents 0.12% of total invoice costs. The other elements of your bill will be made up of the wholesale element (Determined by the Trading strategy) and non-wholesale costs (Network Charges and government Levies).

In summary, key benefits of the contract include:

- Ensures full compliance with Public Contracts Regulations.
- A named Key Account Manager at the supplier to take ownership of issues and provide help, guidance and training. The account manager will also ensure that there is regular contact with customers.
- Dedicated customer support team and Credit Controller. There are clear escalation points, all the way up to CEO if the service is not meeting the customers' requirements.
- Query Management through a range of formats - Call, emails, and online portal with messaging function. Query reports are also available to customers.

- Access to Trading and Market information from YPO and Npower.
- Monthly Supplier Relationship Management meetings between YPO and Npower to go through performance, billing and credit issues, complaints and queries, SLAs and KPIs to ensure that any issues are identified and resolved, and the contract runs smoothly.
- A range of trading strategies from a low-risk purchase in advance option, to more riskier strategies where some of the volume is left to be purchased within the supply period. YPO will inform all customers of these options separately.
- Access to the Npower Dashboard online Portal. This will show portfolio, billing, and consumption information. Meter readings and queries can be submitted. A range of reports can be downloaded. Permission levels allowing users to view a selected portfolio of sites, specific to a user are available and you can also download Half-Hourly (HH) data and view Non-Half Hourly (NHH) consumption to manage your usage.
- Freedom to add or remove sites from the contract with no penalty should the portfolio change.
- A Budget Tool Report, which will assist customers in setting their budgets.
- Fully configurable billing groups to ensure that bills are issued and managed exactly as customers require; Consolidated or site level billing.
- Robust processes in place to ensure that an accurate bill is produced in a reasonable time.
- Installation of automated Smart Meter devices if the customer requires. If devices are installed a performance report can be sent to customers.
- Aggregated benefits - This is the combining of energy volumes across organisations to form one large portfolio, making it very attractive to suppliers
- Business Renewable' offering enables members to choose whether to be supplied by Renewable Energy Guarantees of Origin (REGO) backed power for all or a proportion of their sites.
- Options to choose between **Business Renewable: Standard**, where REGOs are sourced from a mix of UK-only based renewable technologies, or **Business Renewable: Pure**, where REGOs are sourced from wind and/or solar and/or hydro REGOs only.
- A Social Value Plan - social value initiatives that Npower will deliver to YPO and our members, contributing specifically towards the YPO Social Value and Sustainability Strategy. The Social Value Priority Themes are as follows:

**Theme 1: Good jobs with skills development and training opportunities** - Making sure all personnel within your business has the opportunity to develop.

**Theme 2: Children and young people have access to good quality education and training opportunities to develop skills for future success in work** - To work with the younger generation around how to be more sustainable with their energy use.

**Theme 3: Growing strong and sustainable economies and supply chains** - Supporting customers to reach their net zero targets, to allow for a strong local economy that is sustainable for future generations.

**Theme 4: Increased equality, diversity, health and well-being** - Ensuring a fair workplace for all and looking after the health of all your staff.

**Theme 5: Environmental improvement and protection** - As an electricity Supplier, Npower should be at

the forefront in the shift to renewables.

### Next Steps

Existing YPO Electricity framework customers will be issued a new member's agreement and portfolio report in the coming weeks. This will need to be checked, signed and returned in order to access the new framework.

While YPO appreciate that the large spend value for this framework invariably means a decision to proceed may have to follow a number of internal processes and take some time to achieve, a swift return of the member agreements will allow YPO to run an effective trading risk strategy when the wholesale market prices are favourable.

New customers to the framework may join at any point whilst it is open.

The YPO Energy Team will give full assistance to customers accessing the framework so please feel free to contact [energy@ypo.co.uk](mailto:energy@ypo.co.uk) to discuss your requirements and for guidance on starting the process.

### Report Author

Carmen Griffiths  
Energy Category Manager, YPO

June 2022