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Planning

Provision of Electricity System Operator auction procurement services

NATIONAL GRID UK LIMITED

F04: Periodic indicative notice – utilities

Periodic indicative notice only

Notice identifier: 2021/S 000-015920

Procurement identifier (OCID): ocids-h6vhtk-02c5a2

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Section I: Contracting entity

I.1) Name and addresses

NATIONAL GRID UK LIMITED

Grand Buildings,1-3 Strand

LONDON

WC2N5EH

Contact

Christina Oates

Email

box.GP.UKBuyer@nationalgrid.com

Telephone

+44 7976989186

Country

United Kingdom

NUTS code

UK - United Kingdom

Internet address(es)

Main address

www.nationalgrideso.com

I.3) Communication

Additional information can be obtained from the above-mentioned address

I.6) Main activity

Electricity

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Provision of Electricity System Operator auction procurement services

II.1.2) Main CPV code

- 72268000 - Software supply services
 - KA16 - For the energy industry

II.1.3) Type of contract

Services

II.1.4) Short description

National Grid Electricity System Operator (NGESO) are seeking to select a strategic partner for the development of auction solutions/services with the purpose to enhance the procurement process for our ancillary services markets. NGESO welcome interested parties who have experience in operating in the auction development, platform solutions and market operator space to register their interest regarding this tender opportunity.

II.1.6) Information about lots

This contract is divided into lots: No

II.2) Description

II.2.2) Additional CPV code(s)

- 48000000 - Software package and information systems
 - KA16 - For the energy industry

II.2.3) Place of performance

NUTS codes

- UKG13 - Warwickshire

- UKJ11 - Berkshire

Main site or place of performance

Predominantly off-site at suppliers location but may require some on-site attendance.

II.2.4) Description of the procurement

1. Detailed Descriptions:

NGESO procure ancillary services to ensure that the security and quality of electricity supply across Britain's transmission system is maintained. NGESO have a license obligation to minimise costs to the end consumer whilst undertaking these activities. NGESO are seeking to improve the procurement processes across several of our ancillary services markets by introducing a consistent buying experience. We believe this can be achieved through the right auction-based capability that will enhance functionality and automation throughout the procurement process and enable, for example, closer to real time procurement and improved user experience.

A goal of the delivery of this project will be to enhance the transparency of our procurement activities and deliver economic and efficient markets, providing clearer market signals and increased access for participants. We view this solution as a key development in continuing to drive consumer value across the markets which we operate.

NGESO seeks to select a strategic partner who can offer the right capability that will form a longer-term solution/service for many of the appropriate markets which we operate. Initially we anticipate these to be our reformed response and reserve markets.

Many of the markets we currently operate are procured at various times through different formats and technologies. NGESO are seeking to utilise a consistent procurement route that creates a uniform submission capability making it easier for providers to participate across multiple ancillary service markets. The vendors capability will need to be able to ensure appropriate data sharing with a new Single Markets Platform (SMP) that will improve the user experience and flexibility around tender submissions and overall automation.

NGESO is seeking to work with partners to deliver, as a minimum, the following core capabilities:

- Strong knowledge sharing partnership to offer auction expertise to develop and improve functionality over time. Continuous improvement is an important philosophy in our market reform ambitions and evolving energy landscape.
- Development of a robust delivery plan which understands the challenges around the large-scale changes underway in the ancillary services reform work, ensuring flexibility and a

proactive approach to service developments.

- Demonstrate expertise in a range of auction structures with the ability to co-create the optimal solution. Experience across a range of economic welfare scenarios with the ability to articulate the optimal options for ESO's obligations and commitments.
- Consultancy style support in delivering the development and implementation across our markets in a partnership approach.
- Ability to provide either integrated algorithms, end to end market operator solutions or a hybrid approach.
- Strategic input and guidance in an auction/procurement landscape
- Flexible and configurable solution to support multiple assessment algorithms across multiple markets
- Ability to deliver a modular solution that interfaces with other NGESO systems/data sets under development that provide support functions (e.g. settlement, provider onboarding, etc.)
- Support a variety of auction clearing methodologies (e.g., pay as bid, pay as clear)
- Adaptable to facilitate the addition of new markets in the future with minimal disruption and lead times
- Robust, intuitive user experience for both NGESO and industry users
- Flexibility to support procurement at different granularities, for example Electricity Forward Agreement (EFA) blocks or more granular time segments, such as settlement periods
- Leverage experience and functionality to unlock co-optimisation opportunities across multiple markets
- Track record in running/operating/designing multiple markets and projects in parallel
- Capability and experience of running/developing algorithms for complex auctions
- Experience and expertise in shaping market structure/rules with clients and industry users
- Ability to support the running of day ahead auctions with the capability to offer within day progression

- Ability to operate/configure multiple markets with large volumes of bids and participants
- Strong system integrity, security and processes
- Energy (specifically electricity) market experience and knowledge would be highly beneficial due to the complex nature of the landscape ESO operate
- Capability to support the development of solutions to enhance automation within our short-term trading teams auctions. Experience in removing human decision points and interaction with a range of influential data sets would be beneficial

Additional information can be found within National Grid's "ESO RIIO-2 Business Plan Annex 4 - Technology investment report", section 3.8 on the commitments made under our business plan regarding developments to the way in which we procure our services. Further information can also be found in this section regarding the SMP.

<https://www.nationalgrideso.com/document/158071/download>

2. Technical & Delivery Considerations:

We anticipate that vendors will be able to provide either a Software as a Service (SaaS) or a managed service to deliver these requirements. Our architecture will be Application Programming Interface (API) driven and so we will be seeking vendors views on how their solution will support this approach as part of the tender. The proposed service will need to integrate with our future SMP, as well as our digital front-end services platform, to provide a seamless end to end user experience for market participants. Vendors will be expected to outline how their solution can integrate into digital platforms using open standards and API's.

NGESO will be seeking to provide access to the auction capability in several ways:

- i. Exposing APIs for consumption in our web applications
- ii. Exposing APIs for use directly by market participants (third parties) or
- iii. Directly via a customised user interface provided by vendors

In addition to the software and hosting service, we will be looking for a robust plan around the available operational support model.

NGESO would like to deliver this project using Agile principles aligned to our internal governance process. Vendors should be able to demonstrate understanding of Agile delivery and show an appreciation for the work required with our internal delivery partners (e.g., IT security, testing and service integration teams).

3. Indicative Tender Timelines

To support the resource and planning of interested parties NGESO have outlined an indicative timetable below. Please note this is not binding and subject to change.

- PIN Issued: 08 July 2021
- PIN Closed: Mid Aug 2021
- PQQ Issued: Early Sept 2021
- PQQ Closed: Mid Sept 2021
- RFP Issued: Late Sept 2021
- RFP Closed: Late Oct 2021
- Contract Award: March 2022

4. Additional information

Please note that the services that NGESO procure to support our Electricity National Control Centre (ENCC) are crucial for the security and reliability of the GB electricity network and therefore the level of resilience and support for these auctions/procurement activities will be important.

Many ancillary service markets have regulatory requirements with regards to the timing and clearing mechanisms, that must be adhered to under the Clean Energy Package (CEP) Regulation on the Internal Market for Electricity, and Electricity Balancing Regulation. An appreciation and broad understanding of the regulatory environment we operate would be beneficial.

5. Pre- request to be eligible to participate

In order to participate in this tender, you must be registered on the Achilles Utilities Vendor Data Base (UVDB) system. UVDB is used to pre-qualify our suppliers to ensure they meet the minimum legal and regulatory requirements in order to contract with NGESO.

UVDB is the utility industry pre-qualification system, used by the utilities sector in the UK to manage risk within the supply chain and comply with EU regulations. Joining UVDB as a supplier provides your organisation with an opportunity to showcase your capabilities and access multiple contract opportunities by completing a single Pre-Qualification Questionnaire (PQQ). UVDB is used by many utility buyer organisations.

If you are already registered with UVDB you only need to register under UVDB code 1.5.8.18 (Energy Trading System)

If you are not currently registered this can be done by registering at:

<https://www.achilles.com/community/uvdb/>

You will then need to register under UVDB code 1.5.8.18

Further to the enclosed PIN, please indicate your expression of interest and confirmation of registration under the UVDB code 1.5.8.18 (Energy Trading System) by emailing:

christopher.round@nationalgrid.com

You must be registered against UVDB Code 1.5.8.18 by the 31st August 2021, in order to receive the Pre-Qualification documentation at the start of September 2021.

If you require any further information regarding this registration, please contact:

Desta Wheeler from Achilles (Desta.Wheeler@achilles.com) who can support any issues with completion of your registration process on Achilles, ahead of the PQQ event commencing at the start of September 2021.

II.2.14) Additional information

This PIN replaces the PIN previously published on 2nd July 2021 and was closed early on 4th July 2021 owing to the change in scope outlined within this PIN. The previous PIN was:

'Provision of energy auction procurement service'

'Publication reference: 2021/S 000-015203'

If you require any further information in relation to this PIN please contact:

christopher.round@nationalgrid.com

II.3) Estimated date of publication of contract notice

10 March 2022

Section IV. Procedure

IV.1) Description

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

IV.2) Administrative information

IV.2.2) Time limit for receipt of expressions of interest

Date

13 August 2021

Local time

11:59pm

IV.2.4) Languages in which tenders or requests to participate may be submitted

English

Section VI. Complementary information

VI.3) Additional information

Further to the enclosed PIN, please indicate your expression of interest and requesting the Pre-Qualification Questionnaire by emailing christopher.round@nationalgrid.com.

The Pre- Qualification Questionnaire will be issued via the Achilles System at the beginning of September 2021 and must be returned by the deadline stipulated within. Only Suppliers that are successful at the Pre-qualification stage will be invited to participate in the Tender Event.