ASSESSMENT OF BIDS AND OFFERS IN SSEN

Scottish & Southern Electricity Networks

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1 Introduction

Scottish and Southern Electricity Network (SSEN) uses Overarching Agreements as part of our Flexibility Procurement process, this separates out the contract award for the general terms and conditions and the process for assessing submissions for an individual zone at the procurement stage. This document outlines the methods SSEN uses to assess flexibility submissions for a specific zone, which always includes a non-zero volume and price.

SSEN has two methods for the submission of pricing activity, either via CSV file or via the Electron Connect Market Platform These submission methods are both outlined in Annex 2 of the Service Terms in the Flexibility Service Contract. For any single pricing event, only one submission method is accepted. The assessment process is slightly different depending on the two methods. Both are outlined in this document.

It should be noted this is the assessment of submissions as part of the procurement process. The Operational Decision Making (ODM) is used for determining the issuance of availability (where applicable) and utilisation instructions.

2 Assessment for CSV Bidding

The assessment of CSV tenders, involves the following steps:

1. Validation of submissions
2. Assessment of submissions against volumes
3. Building a stack
4. Comparison against forecasted spend.
5. Notification of results

2.1 Validation of Submissions

After the closure of the submission window, all received csv files are reviewed and confirmed to be a valid submission. A valid submission requires a non-zero volume and a price for a particular requirement. The provider must also meet all other submission criteria, such as having an Overarching Agreement covering the network region and product utilised.

Where there is any uncertainty in how the csv file should be read, this will be queried with the relevant party. The party may be allowed to resubmit following this clarity being sought, but the volume and price must not change.

2.2 Assessment of Submission Against Volumes

The individual volume submissions for each Constraint Managed Zone (CMZ) are added together. This sum total of all the submission is compared against the published requirement. Where the published requirement is higher than the total submissions, the next step is step 4 ‘comparison against forecasted spend’. Where the published requirement is lower than the total volume submitted, it is moved on to step 3 ‘building the stack’.

2.3 Building a Stack

A price stack is built by creating a single price for each submission. Where the service has an availability and utilisation price, a comparator price is calculated:

$$Comparator\ Price\ (£/MWh) = Availability\ Price + (Utilisation\ Price\ \times Weighting\ Factor)$$

The weighting factor is the expected percentage of times that utilisation will be instructed when availability is in place. For example, if we expect to dispatch Flexibility Services 1 in every 4 times that we have confirmed availability, the weighting factor will be 0.25. This can be based on forecast data, historical use or a combination of the two and is specific to a CMZ.

For services with only a utilisation element, the utilisation price is used as the comparator price.

The submissions are then sorted or 'stacked' from lowest to highest and bid acceptance stops when the required volume is fulfilled. There is a preference for over procurement rather than under procurement, therefore except in times when procuring the desired volume would result in significant over procurement the last bid accepted will result in procuring slightly more than the desired volume.

Where there are multiple bids with the same comparator price at the point of acceptance cut off and accepting all bids would result in significant over procurement, the following considerations will be used to determine which bid to accept:

- Reliability as calculated in the ODM.
- Membership of FlexAssure, HomeFlex or equivalent body.

Once the final list of bids that are expected to be accepted is determined, the assessment moves on to the 4th step.

2.4 Comparison Against Forecast Spend.

The total value of the bids expected to be accepted is compared to the estimated market value. This is done by taking the comparator price and multiplying by the forecast availability hours. If this calculation is significantly higher than the estimated market value, the most expensive submissions may be rejected and the economics of Flexibility Services for this particular CMZ reassessed.

2.5 Notification of Results

Following confirmed decision on which submissions to accept and reject, this is formally communicated to each provider by the Call off Notification which will be emailed to the designated provider. Results will also then be published in the 'Flexibility Services Contract Register' on the Flexibility Services SSEN website and the SSEN Open Data Portal.

3 Assessment for Electron Connect Bidding

The assessment of submission through the market platform follows the following steps:

1. Validation of submission
2. Building the stack
3. Comparison against forecast spend
4. Notification of results

3.1 Validation of Submission

To submit any bid to the ElectronConnect market platform, first an asset needs to be created and all bids are associated with a specific asset.

This asset might be a discrete, single asset or a 'group', which is a combination of small assets aggregated together. Once created you can then submit a bid to the market. It is only possible to submit a bid when the location of the asset is inside the defined geographical area of the CMZ.

3.2 Building the Stack

A price stack is built by creating a single price for each submission. Where there are services with only a utilisation price, this is used to build the stack in merit cost order i.e. total price is equal to the utilisation price.

For services with availability and utilisation price the following calculation is used:

$$Total\ Price\ (£/MWh) = Availability\ Price + (Utilisation\ Price\ \times Utilisation\ Weighting\ Factor)$$

where the utilisation weighting factor is defined as the percentage of times that availability confirmed is dispatched (as for the weighting factor in Section 2.3).

Once the stack is built, it is possible to exclude participants from the stack. This would be done for one of several reasons:

1. In the event that an error has been made and they don't meet the market prerequisites
2. On provider request (an error made by a participant)
3. In the short-term markets, where the provider has rejected an availability instruction from an existing long-term contract that they held in the specific CMZ.

The stack would then be recalculated with this bid excluded.

3.3 Comparison Against Forecast Spend.

The total value of the bids expected to be accepted is compared to the estimated market value. This is done by taking the comparator price and multiplying by the forecast availability hours. If this calculation is significantly higher than the estimated market value, the most expensive submissions may be rejected and the economics of Flexibility Services for this particularly CMZ reassessed.

3.4 Notification of Results

Following confirmed decision on which submissions to accept and reject this is completed on the ElectronConnect platform, participants are notified of the accepted contracts via an automatically generated email. A complete list of accepted and rejected bids are also communicated after each bidding round via email from SSEN.

Results will also then be published in the 'Flexibility Services Contract Register' on the Flexibility Services SSEN website and the SSEN Open Data Portal.