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Dear Industry Colleagues,

### **Tender Results for South Wales region reactive power**

Following the publication of the Request for Information for the provision of reactive power services published on the website on the 3<sup>rd</sup> October 2018 and the Invitation to Tender which closed on the 11<sup>th</sup> February 2019. The below is information regarding the tenders received and results following assessment.

We would like to thank those who participated in the tender round. The summary of the tenders received is as follows:

- 1 tender from SSE for Seabank
- 1 tender from Statkraft for Rheidol
- 1 tender from Statkraft for Alltwalis
- 1 tender from Welsh Power for Aggregated sites

Details of the tender submissions can be found in Appendix 1.

### **Tender Results**

Following tender assessment 1 tender has been awarded, the accepted and reject tenders are as follows:

<b>Tender</b>	<b>Rejection Code</b>	<b>Definition</b>
Seabank	Accepted	N/A
Rheidol	2	The tender submitted was not considered beneficial when evaluated against the forecasted cost of alternative actions across the tender period.
Alltwalis	2	The tender submitted was not considered beneficial when evaluated against the forecasted cost of alternative actions across the tender period.
Welsh Power Aggregated Sites	5	While comparable tenders submitted were considered as beneficial, due to the impact of the effectiveness factor, this tender had a lower benefit and on this occasion, there were tenders that provided a higher benefit.

### **Assessment:**

As outlined in the original RFI the tender assessment process is as follows, further details are included in the RFI:

#### 1. Effectiveness assessment

Providers in different locations, connected at different voltage levels have a different impact on the transmission system voltage, therefore an effectiveness score needs to be established through technical assessment.

2. Cost assessment

Each tender is stacked in descending order of its cost benefit, with consideration of the effectiveness of the provider. A tender has to be beneficial against forecasted alternative BM cost for the reactive volume.

3. Comparison against requirements

All tenders are compared against the requirements. Tenders which meet requirements, and result in no over holding are considered for acceptance.

Following assessment the effectiveness score of each tender received is as follows:

<b>Tender</b>	<b>Effectiveness (%)</b>
Seabank	50
Rheidol	40
Alltwalis	40
Welsh Power Aggregated Sites	15

**Learnings**

We would like to thank all those who submitted information throughout the process. The key learnings which will be taken forward as part of the Reactive Power Roadmap work. If you wish to submit any feedback on the process, contract etc. please contact Emily Champion.

**Further Information**

For further information and a more detailed explanation of the procurement process for the above or similar requirements, please contact Emily Champion.

Yours sincerely,

Emily Champion

## Appendix 1. Tenders Received

<b>BMU ID</b>		T_SEAB-2	Rheidol	Alltwalis	Welsh Power Aggregated sites
<b>Tender Period (must be minimum 1 month starting on 1st of the month)</b>	<b>Start Date</b>	01/04/2019	01/05/2019	01/05/2019	01/08/2019
	<b>End Date</b>	31/03/2020	30/09/2019	30/09/2019	31/03/2020
<b>Contract Fee - Type</b>		Gas index linked	Other	Other	Gas index linked
<b>Contract Prices (£/MWh)</b>	<b>Option 1</b>	40	710.6	-626.96	34.95
	<b>Option 2</b>	15.62	710.6	-626.96	34.95
	<b>Option 3</b>	7.4	710.6	-626.96	34.95
<b>Maximum MVar Range Lead:Lag</b>	<b>Lead</b>	229	25	25	19.992
	<b>Lag</b>	272	0	0	30.312
<b>Active Power Range to deliver Reactive Range (MW)</b>		250	0 to 1.0	-1 to 15	≥24

## Appendix 2. Reason Codes

The table below provides guidance as to the reasons that a tender has been rejected. Where appropriate, new reasons will be added following the tender.

No.	Reason Codes	Definition
1	Price not beneficial across tendered period	The price submitted was too high and did not provide any contract benefit against alternative actions.
2	Tender was not beneficial across duration of the tender period	The tender submitted was not considered beneficial when evaluated against the forecasted cost of alternative actions across the tender period.
3	Beneficial but the benefit is lower than that of other tenders	While the tender submitted was considered as beneficial, on this occasion there were tenders that provided a higher benefit.
4	Beneficial but requirement already satisfied	While the tender submitted was assessed as beneficial, the benefit was not determined as sufficient for us to contract above our procurement requirement.
5	Tender benefit was lower after effectiveness factor applied	While comparable tenders submitted were considered as beneficial, due to the impact of the effectiveness factor, this tender had a lower benefit and on this occasion, there were tenders that provided a higher benefit.
6	Tender was not assessed as Reactive Volume below minimum tender amount	The Tender did not include the minimal reactive range of 50MVAR or 25MVAR if only lead or lag
7	Tender was not assessed as was outside the contract area	The reactive power was outside the region outlined in the Request for Information Pack
8	Does not meet tender prerequisites and rules	The Tender does not meet any of the other (not location or volume) prerequisites and rules. Please refer to the 'Technical requirements' and 'How to participate' sections using the following link to determine the criteria necessary to participate.