

Enduring Auction Capability Project Launch

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Project Context

This announcement marks the launch of National Grid ESO’s tender process to select a strategic partner to develop an auction platform. Within the RIIO-2 business plan, we committed to moving the procurement of ancillary services closer to real-time through competitive and transparent markets, and improving our auction capability is key in meeting these goals.

Tender Process

We are pleased to announce we are making the first step in the procurement process towards selecting a strategic partner who can offer the right capability to help us improve the way in which we procure our services. We will be following the below indicative timeline which should deliver a robust, compliant tender to result in a strategic partner to support our ambitions of becoming a better buyer.

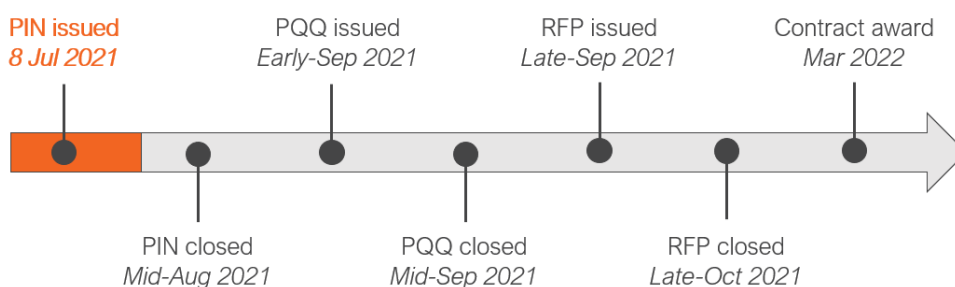


Fig 1. Indicative procurement timeline

A Periodic Indicative Notice (PIN) is being issued on 8 July informing vendors about our intention to procure auction capability services/solutions. This notice has been published on the government gateway and parties wishing to participate in this tender process must formally respond to the PIN by 13 August.

Following this step, we will issue a Pre-Qualification Questionnaire (PQQ), in accordance with the Utilities Contracts Regulations 2016, to the providers who registered their interest by responding to the PIN. The aim of the Pre-Qualification phase is to identify those suppliers that NGENSO wishes to shortlist and invite to tender stage.

The next step in the procurement process is the Request for Proposals (RFP) from interested parties. We will be sharing the detailed tender pack with the vendors who were successful at the PQQ stage. This will see parties compiling and submitting their technical/commercial bids for assessment by NGENSO. Whilst we have shared indicative timelines in this update, we recognise the level of interest and ongoing workstreams may impact these indicative timelines. We anticipate awarding contract in March 2022 based on current plans.

We commit to inform industry on the progress of the procurement phase of the project through the traditional channels. As we move closer to selecting a partner, we will be providing industry with plenty of notice of how you can get involved with the development, shaping, testing and implementation phase of this project.

Scope

The strategic solution will serve a proportion of our future ancillary services, with the new response and reserve markets being identified as suitable services to transition.

Many of the markets we currently operate are procured at various times through different formats and technologies. We are seeking to utilise a consistent procurement route that creates a uniform submission process making it easier for providers to participate across multiple ancillary service markets.

A successful partner will provide, as a minimum:

- Auction expertise to develop and improve functionality over time, and the ability to co-create the optimal solution for NGENSO's obligations and commitments;
- Flexible and configurable solution to support multiple assessment algorithms across multiple markets;
- Ability to deliver a modular solution that interfaces with other NGENSO systems under development, such as the Single Markets Platform (SMP);
- Robust, intuitive user experience for both NGENSO and industry users;
- Ability to operate and configure multiple markets with large volumes of bids and participants; and
- Robust level of resilience and support.

Project Benefits

Delivery of our enduring auction capability work is expected to bring the following key benefits:

	Better user experience	<ul style="list-style-type: none"> • Fewer manual, duplicated processes. • Increased use of technology to facilitate bidding
	Closer to real-time procurement	<ul style="list-style-type: none"> • Increased market liquidity & participation • Increased technology variation (e.g. renewables & demand flexibility)
	Consistent procurement route	<ul style="list-style-type: none"> • Enhanced transparency of our procurement activities • Lower costs to move between services • Reduced duplication of resource for bidding into our services
	Connected and co-optimised auctions for ancillary services	<ul style="list-style-type: none"> • Efficient markets due to clearer price signals • Easy access across multiple markets • Greater diversity in bidding strategies (e.g. curtailable bids)

Register Interest

Interested vendors should review the published PIN document ([access link here](#)) and contact Chris Round christopher.round@nationalgrid.com to indicate their formal expression of interest for participating in this tender.

For general enquiries on this project please continue to engage with Future of Balancing Services team box.futureofbalancingservices@nationalgrideso.com