



14/03/19

**Is Your Council Getting Best Value From Your Energy Provider?**

Delivered by Mike Chan - Beond Group

**APSE**

# About Beond



## Our Business:

Beond is a multi-award winning consultancy that offers bespoke procurement software for energy tendering

## Awards:

Energy Broker of the Year (twice), Best Advisor, Best Green Business, Finance Business of the Year

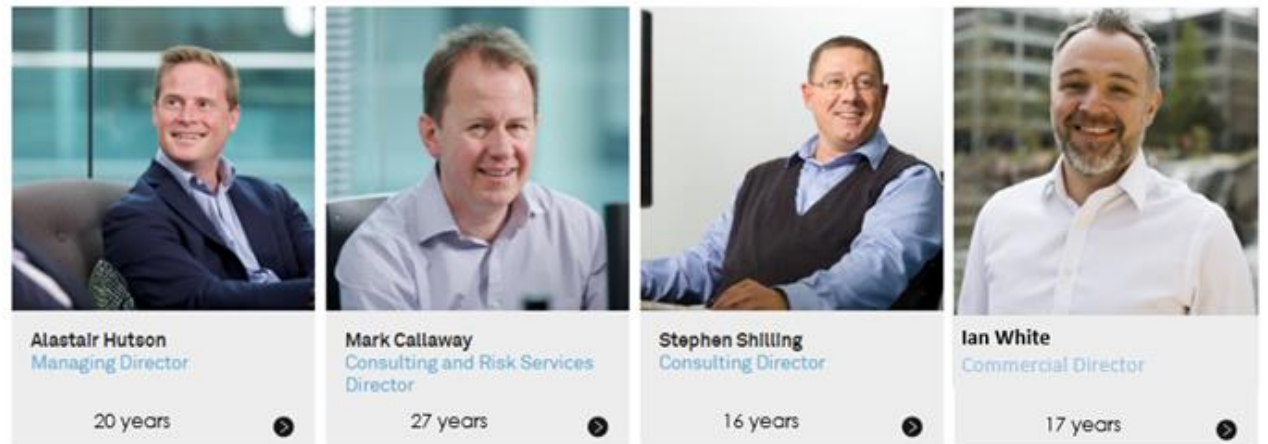
## Our History:

Beond was founded in 1999 when it developed the first ever online commercial energy auction platform

## Our People:

Beond's team is made up of experts with experience gained from:

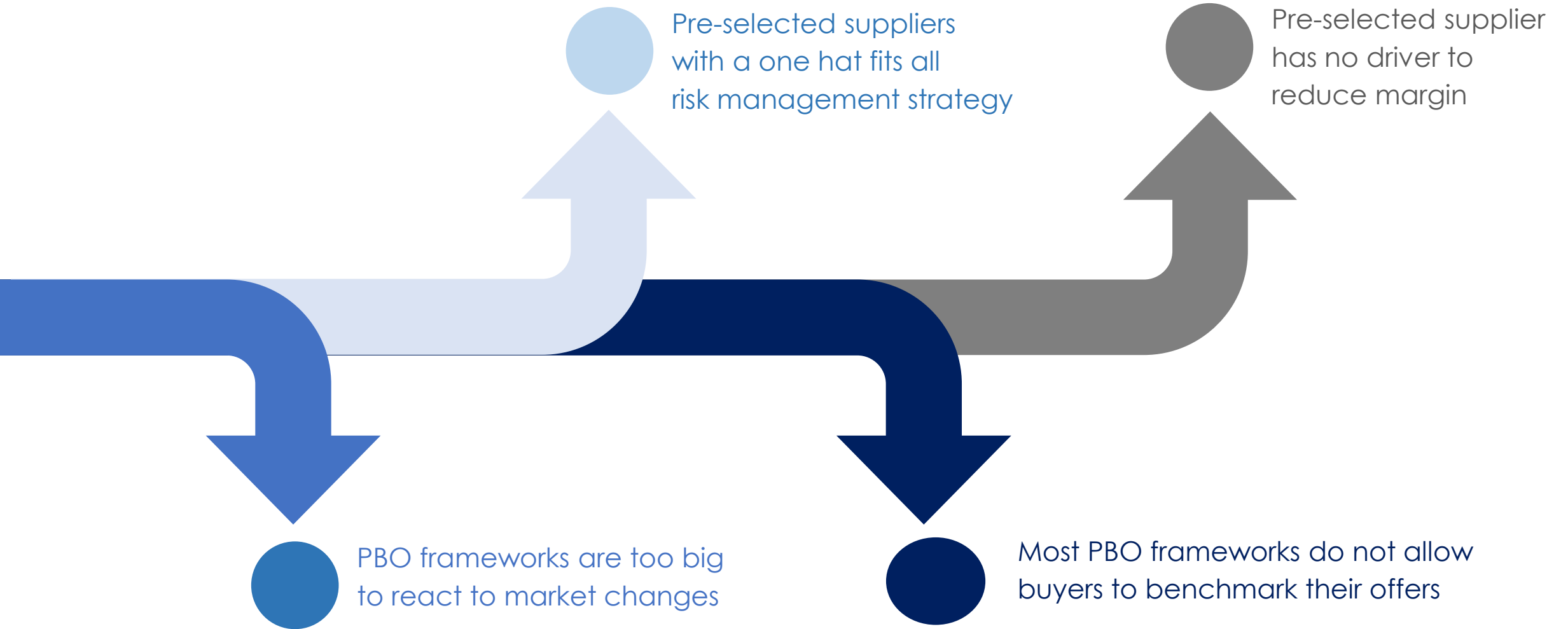
- Working for energy suppliers
- Financial services and risk management
- Oil and gas trading
- Training energy suppliers
- Software development
- Public sector procurement



# Energy Procurement Options

Beond

Since deregulations most have used PBOs to procure energy contracts



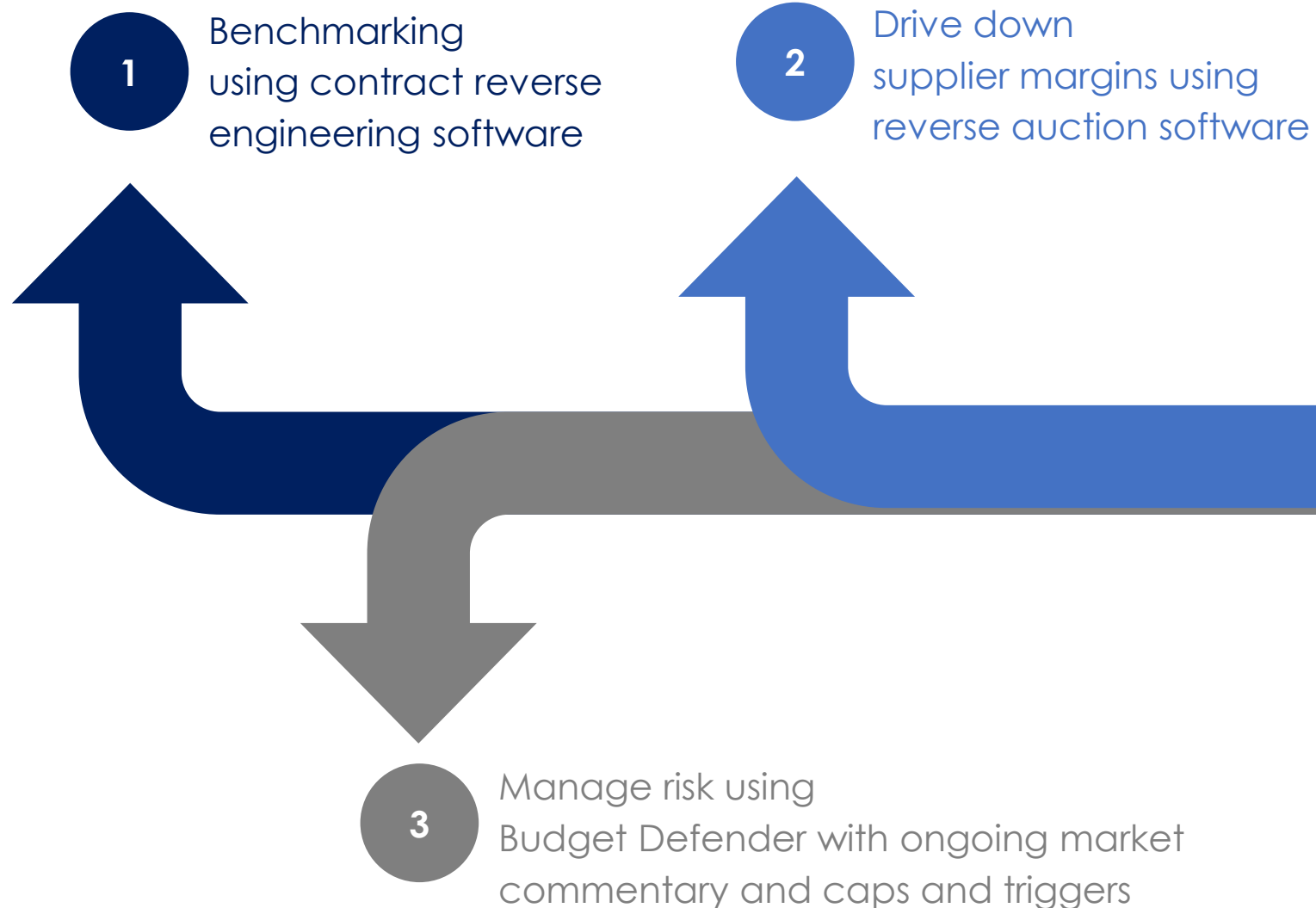
# How To Ensure Best Value From Your Energy Provider

**Beond**

This method will aim to reduce your energy costs by more than 5%

This approach to procurement uses structured and market-oriented processes to collect data, perform quantitative analyses, and apply qualitative expert opinions.

The goal is to guarantee transparency and the best value for money in purchasing energy supply contracts



# Contract Reverse Engineering

Using mark to market techniques to expose hidden supplier risk premiums and retail margins

Supplier Name	Exp Ann Spend	Avg Rate	% vs Best	£ vs Best	Bid/M2M Date	Wsale Index	Comments
Current Contract to Oct 13-Sep 14	£1,354,049	10.602			03-04-2014 12:00	4.5050	CCL Added for 2 Brown Meters - Commission Included
Reverse Engineering - Low*	£1,194,827	9.355	-11.8%	-£159,222	29-03-2014 13:40	4.6160	0% Supplier Commission - Brown Prices (CCL included)
Reverse Engineering - Avg*	£1,268,405	9.931	-6.3%	-£85,644	21-01-2014 13:40	5.1328	0% Supplier Commission - Brown Prices (CCL included)
Reverse Engineering - High*	£1,278,261	10.008	-5.6%	-£75,788	06-12-2013 13:40	5.3069	0% Supplier Commission - Brown Prices (CCL included)

\*Low - Day with the lowest wholesale closing price in the 6-month period prior to the contract start

\*Avg - The Average (arithmetic mean) wholesale level in the 6-month period prior to the contract start

\*High - Day with the highest wholesale closing price in the 6-month period prior to the contract start

- By reverse engineering this £1.3m contract we can expose hidden premiums and margins
- The best and worst trade for this account showed 5.6% -11.8% margin
- These supplier margins are 3-9 times higher than what we can achieve using the same hedging strategy within the private sector

# Contract Reverse Engineering Results

Beond exposed hidden margins and premiums in existing PBO offers



A Midlands NHS Trust-	£120k savings identified
A Midlands City Council-	£1.3m savings identified
A Southern City Council-	£1.2m savings identified
A London NHS Trust-	£68k savings identified
A Midlands NHS Trust-	£120K savings identified
A London NHS Trust-	£300k savings identified

Savings are based on reducing excessive margins

# Reverse e-Auction - Fixed Gas

Utilise the e-auction to drive down supplier margins

Comments: Monthly group electronic billing to head office email address. BOTH fully fixed and p required.

View Auction

Manage Bids

Requirements

Bid Log

## Live Bids

Bid ID	Supplier Name	Total-exCCL	Avg Rate	P
82732	Corona Energy	£347,145	2.8293	29-Apr
82627	nPower	£357,363	2.9125	29-Apr
82641	Gazprom	£358,370	2.9207	29-Apr
82686	Scottish & Southern	£360,963	2.9419	29-Apr
82714	Crown Gas & Power	£383,957	3.1293	29-Apr

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- 9 suppliers competed for 224 gas meters
- **Over 50 bids** were compared like for like.
- Gas auction provided **£78k** savings against the incumbent supplier x.
- Electricity auction produced a further **£212k** savings against the incumbent x.
- Link to the case study can be found here

<https://beondgroup.com/case-studies/barnardos/>

# Reverse e-Auction - Fixed Electricity

# Beond

Live Bids			
Bid ID	Supplier Name	Total-exCCL	Avg Rate
78829	Scottish Power	£6,660,070	9.3760
78300	Scottish & Southern	£6,826,572	9.6104
78807	SmartestEnergy	£6,850,564	9.6442
78245	Hudson Energy	£6,854,768	9.6501
78253	Total Gas & Power	£6,886,150	9.6943
78315	nPower Corp	£6,905,432	9.7214
78243	Haven Power	£6,925,008	9.7490
78865	Gazprom	£7,018,604	9.8807
78135	E.ON Energy	£7,036,125	9.9054
78886	Engie	£7,110,837	10.0106
78809	EDF Energy	£7,114,388	10.0156

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In this auction, the PBO's incumbent HH supplier was EDF.

**11 suppliers competed** aggressively to win the business.

On this day the EDF Energy benchmark was beaten by **£454k (6.4%)**.

Proving pre-selected suppliers do not always provide best value.



# Energy Procurement - Flex Contracts

# Beond

Proving offers with negative margins are achievable

11 suppliers bid 38 times in this auction

The screenshot shows the Beond Auction Details page. At the top, there is a navigation bar with links: Home, Clients, Contracts, Tender, Consumption, Commodities, Tariff, Market, Admin. The user is signed in as 'derek'. Below the navigation bar is the 'Auction Details' section, which contains a table with the following data:

T ID	A ID	Company	Tender Name	Auction Name	Product	Meters	Close	Con Start	Duration	Bids	Auctioneer	Broker	Status
26	36				HH	26		2015-10-01	24M,0D	38	Leo Evers	Mark Callaway	PENDING

Below the table are buttons for 'Done', 'Bid Template', 'HH Data', and 'ASR'. The 'Bids' section is expanded, showing a 'LIVE' dropdown menu and a table of bids:

ID	Supplier	Posted By	Annual Spend	Live	MTM	Withdrawn	Status	Action
283	Statkraft Markets GmbH	Leo Evers	€19,385,126.85	2015-01-06 15:32:12			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
275	Gazprom	Leo Evers	€19,429,208.64	2015-01-06 10:39:54			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
285	Haven Power	Leo Evers	€19,478,545.48	2015-01-06 16:15:00			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
294	GDF Suez	Leo Evers	€19,480,000.63	2015-01-09 15:54:53			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
277	Scottish Power	Leo Evers	€19,484,289.17	2015-01-06 11:11:57			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
276	Smartest	Leo Evers	€19,534,579.30	2015-01-06 10:58:07			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
291	Crown Gas & Power	Leo Evers	€19,561,164.58	2015-01-08 11:44:07			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
341	Reverse Engineering	Derek Myers	€19,601,483.35	2015-02-19 11:35:33			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
279	Scottish & Southern	Leo Evers	€19,670,688.63	2015-01-06 11:38:49			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
274	Dong Energy	Leo Evers	€19,675,957.94	2015-01-06 10:29:56			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
262	E.ON Energy	Leo Evers	€19,709,903.40	2014-12-19 10:55:23			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>
309	Eon SME	Leo Evers	€19,759,215.80	2015-01-20 15:18:14			LIVE	<a href="#">View</a> <a href="#">Pull Bid</a> <a href="#">Create MTM</a> <a href="#">Report</a>

7 suppliers bid with negative margins

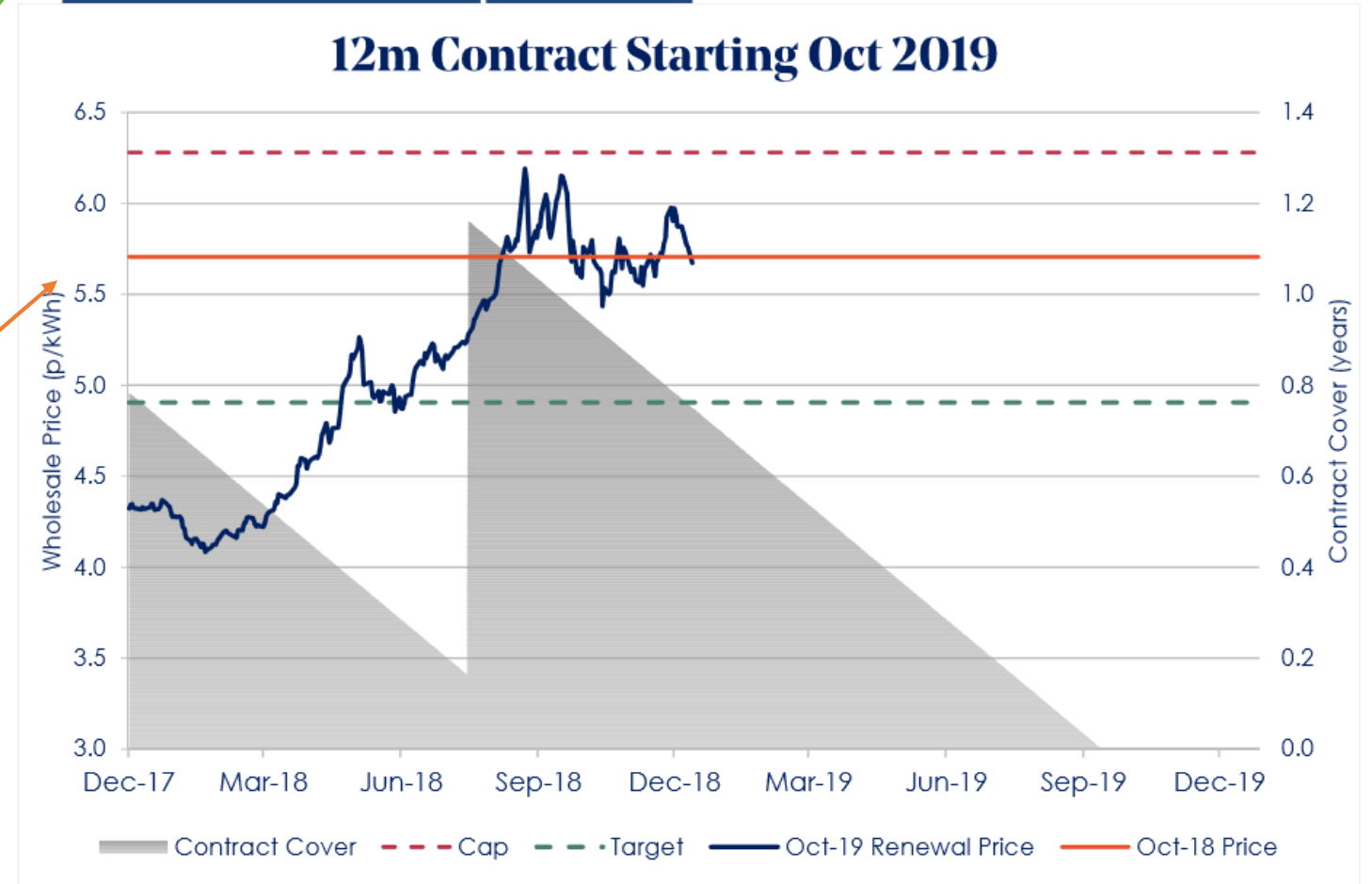
The reverse engineering software builds an offer with zero margin

4 suppliers bid with positive margins

# Energy Budget Defender

- Sets caps and triggers to meet agreed risk strategy
- Tracks wholesale market against your current price

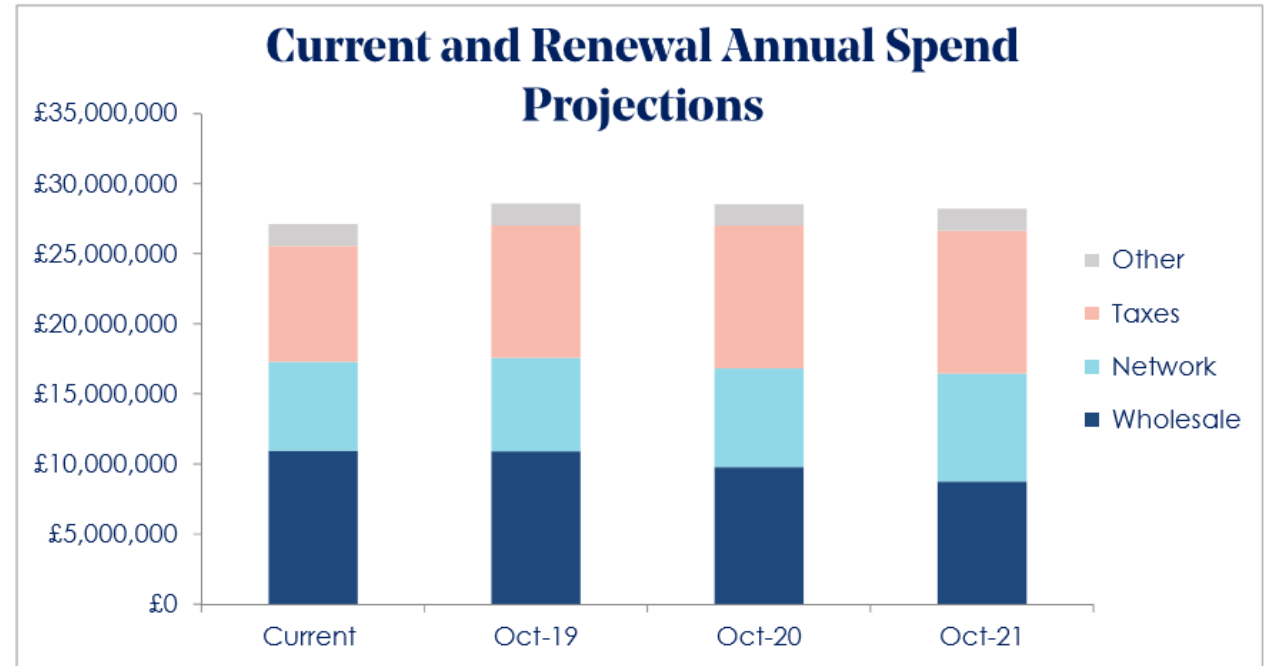
Cap Set (p/kWh)	6.28
Target Set (p/kWh)	4.91
Current Price (p/kWh)	5.67



# Energy Budget Defender

## Fully delivered cost

- Forecasted network costs
- Non commodity costs
- Projected annual costs on current market prices
- Estimates supplier margins



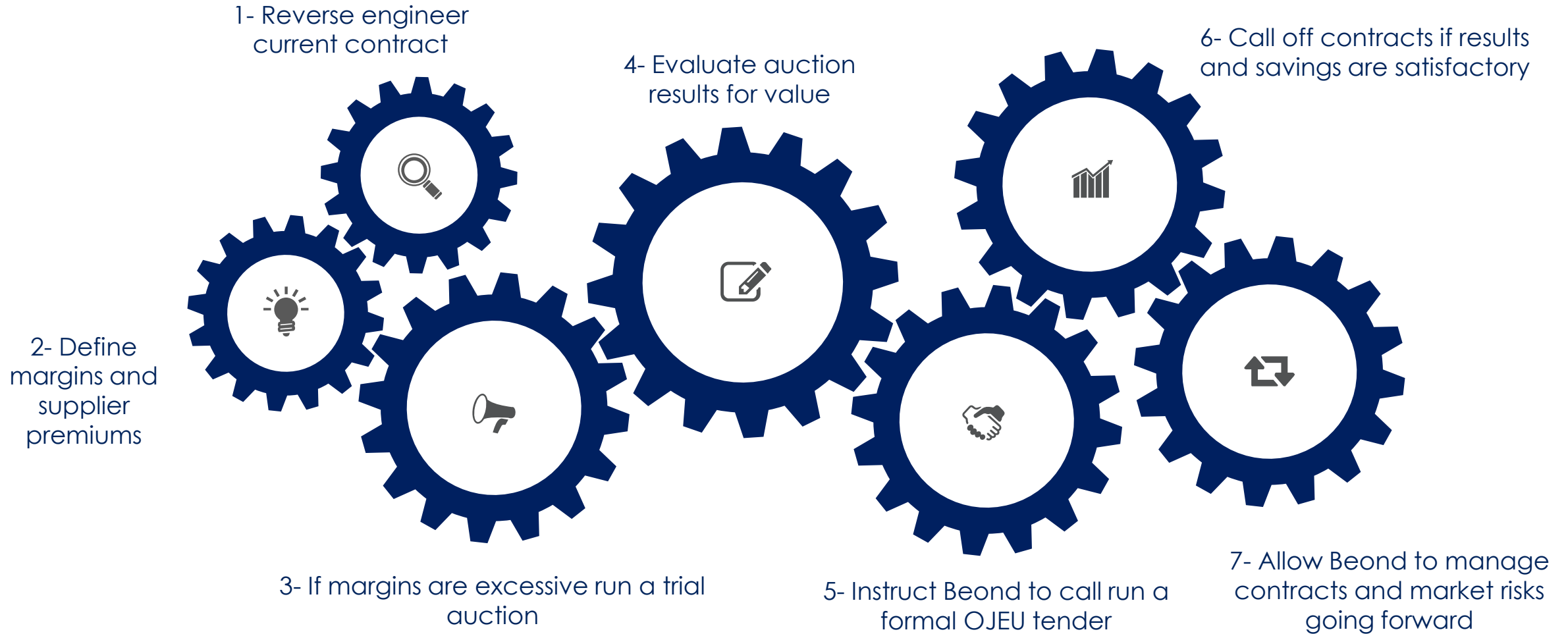
	Current	Oct-19	Oct-20	Oct-21
<b>Network</b>	£6,321,066	£6,672,274	£7,027,150	£7,708,480
<b>Taxes</b>	£8,286,771	£9,472,342	£10,182,514	£10,182,538
<b>Wholesale</b>	£10,955,040	£10,890,400	£9,786,400	£8,757,600
<b>Other</b>	£1,548,403	£1,548,403	£1,548,403	£1,548,403
<b>Forecast Spend</b>	<b>£27,111,280</b>	<b>£28,583,420</b>	<b>£28,544,468</b>	<b>£28,197,021</b>
<b>Capped Spend</b>		<b>£29,750,620</b>	<b>£30,815,668</b>	<b>£31,497,021</b>
<b>Target Spend</b>		<b>£27,110,620</b>	<b>£28,175,668</b>	<b>£28,857,021</b>

\*Please refer to glossary for terminology

Beond will continue to track the wholesale market for your future contract. Please find attached our monthly market report for further information on current market drivers and regulatory news.

# Process Summary

# Beond



# Summary of Benefits

Beond

Offering risk free compliance without compromise



# Proven Results- savings delivered

# Beond

Examples of successful public sector and non-for-profit organisations achievements using the reverse auction



North Tyneside Council

Procurement services

**£270k savings**



Procurement services

**£140k savings**



OJEU Procurement services

**£53k savings**

Salford City Council

OJEU Procurement services

**£731k savings**



Procurement, bill validation and carbon compliance services

**£2.7M savings**



OJEU tender, bill validation, auditing and metering services

**£241k savings**



Procurement, bill validation and carbon compliance services

**£220k savings**



Procurement, bill validation and carbon compliance services

**£290k savings**

# Our Services

- Energy tendering
- Energy compliance
- Risk services
- Energy bureau
- Infrastructure and metering
- Technology services



# Beond

For information on  
our other services  
please contact us  
on: 0208 899 7385

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