



# **APSE Roads, Highways and Streetlighting Group**

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

Delivered by Mike Chan - Beond Group

25/08/19

# About Beond



## Our Business:

Beond is a multi-award winning zero carbon consultancy with bespoke procurement software for energy tendering

## Awards:

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

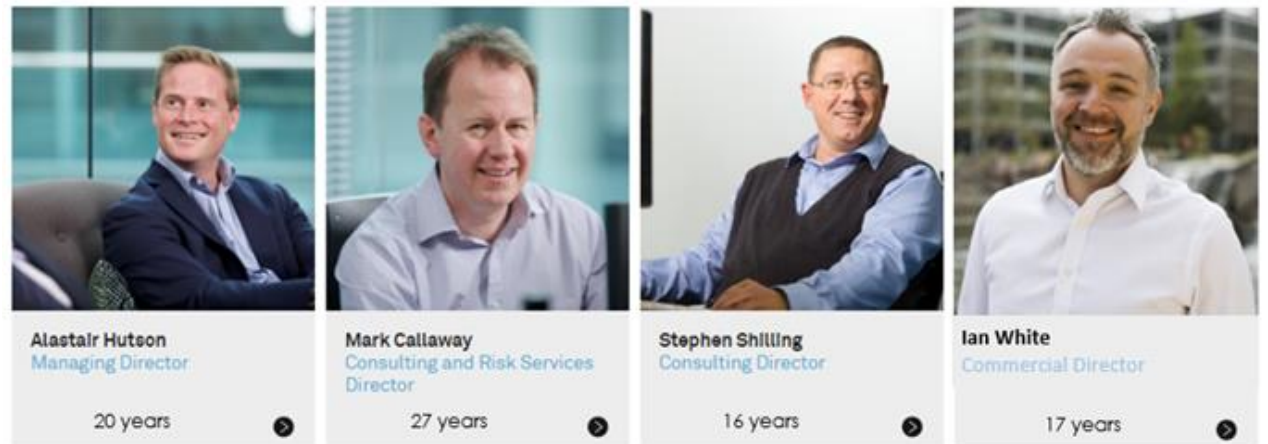
## Our History:

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

## Our People:

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

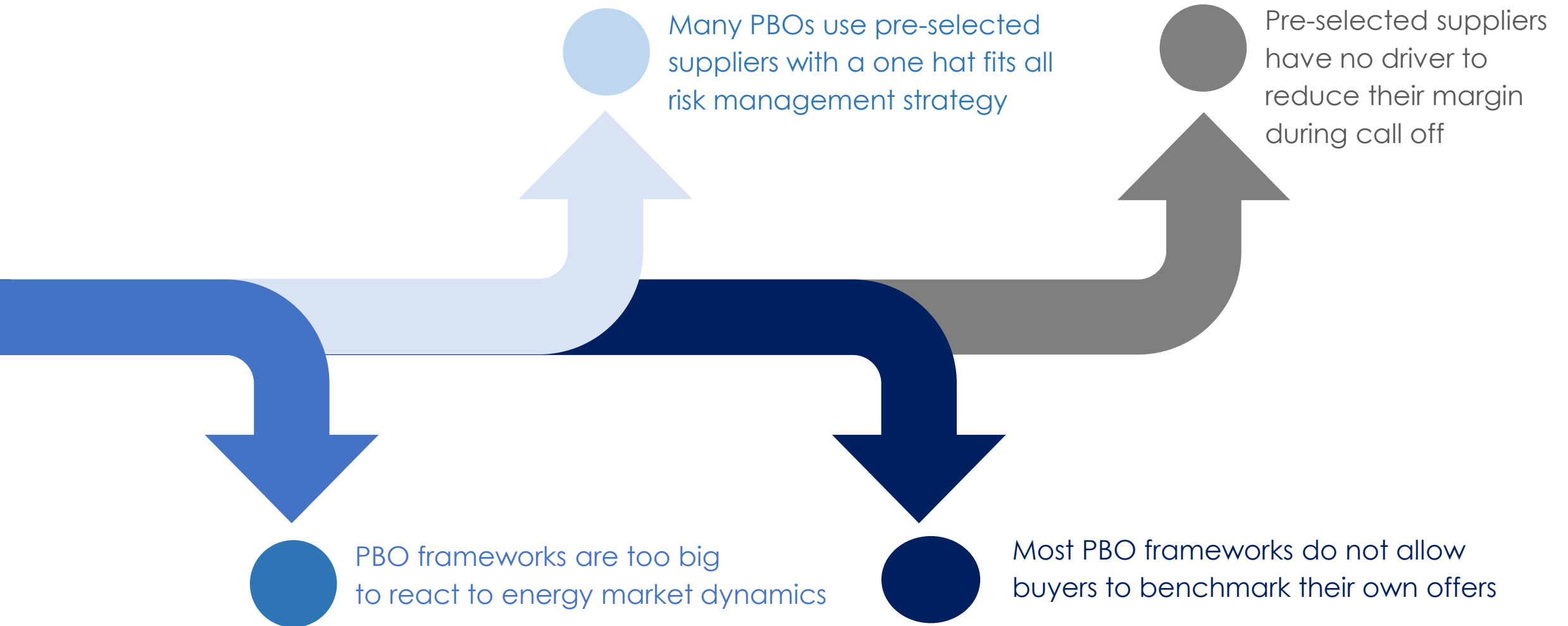
- Working for energy suppliers
- Financial services and risk management
- Oil and gas trading
- Training energy suppliers
- Software development
- Public sector procurement



# Energy Procurement Review

Beond

Since deregulations most authorities have used Public Buying Organisations (PBOs) to procure energy contracts



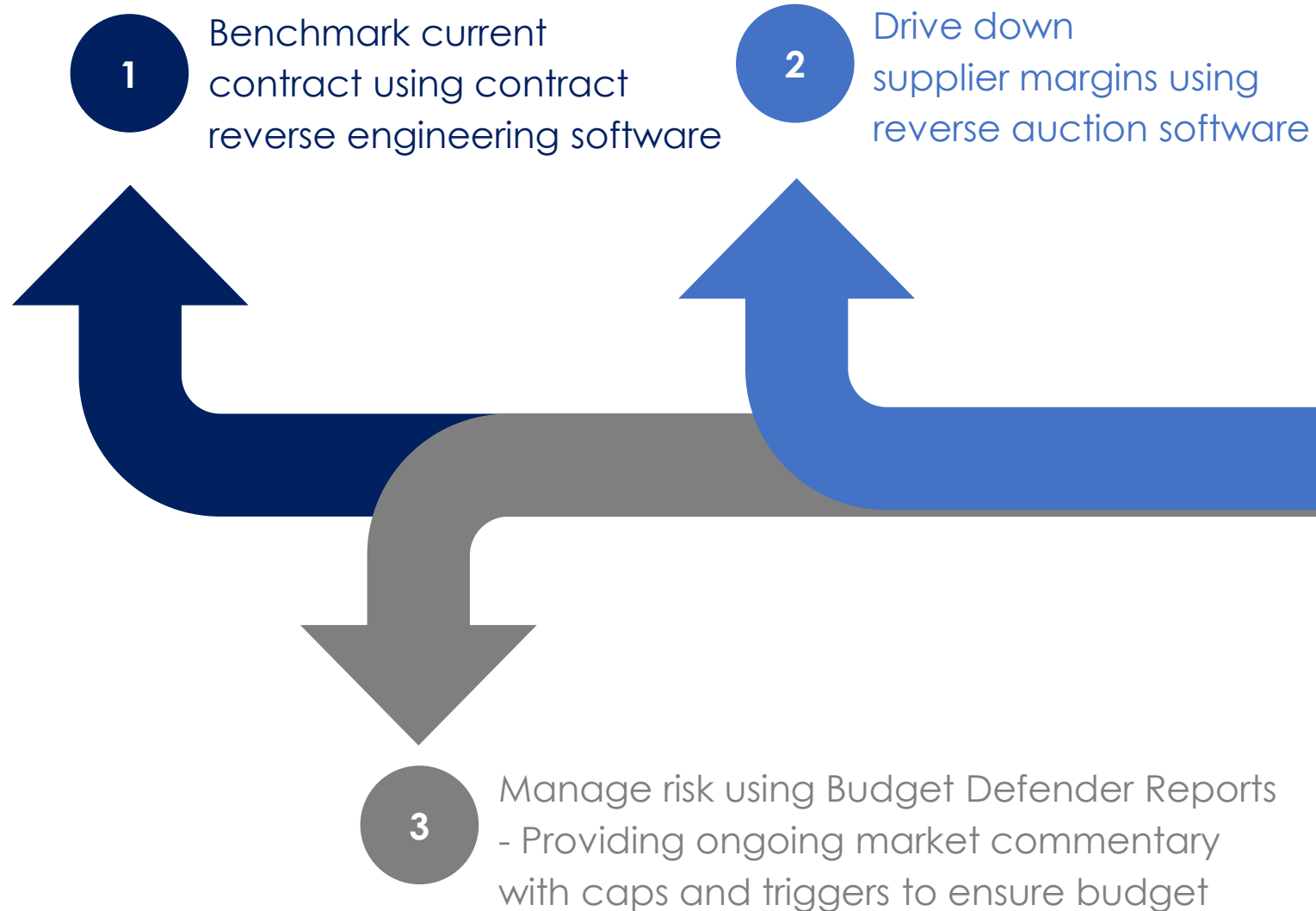
# How To Ensure Best Value From Your Energy Provider

**Beond**

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

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

The goal is to guarantee choice, transparency and best value for money when purchasing gas, NHH, HH and UMS supply contracts.



# Sample of Contract Reverse Engineering

Using mark to market techniques we can expose margins and assess contract performance

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

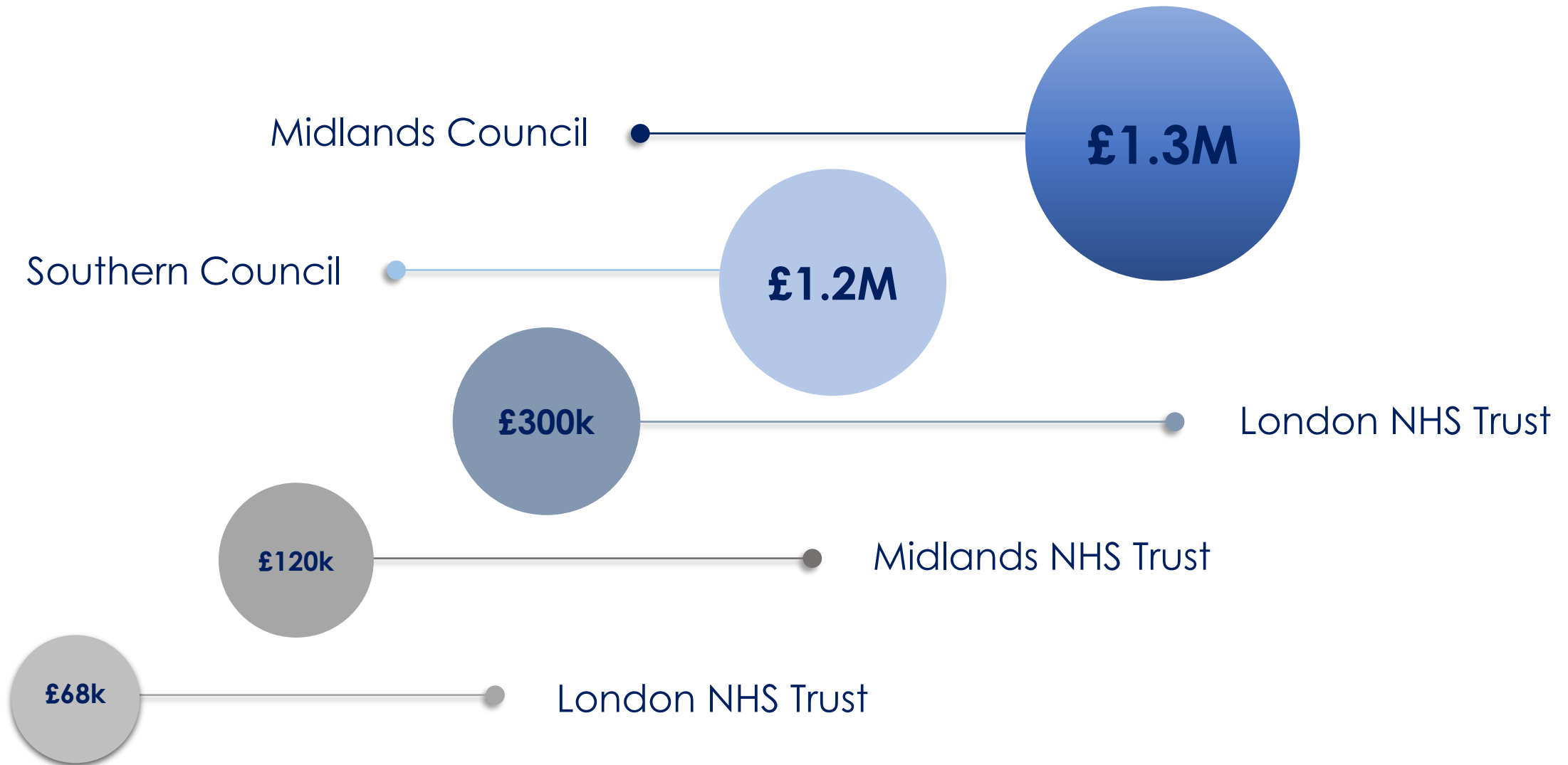
\*Avg - The Average (arithmetic mean) wholesale level in the 6-month period prior to the contract start

\*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 all premiums and margins
- The best and worst trades 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 with a similar size private sector consumer

# Contract Reverse Engineering Results

Exposed hidden margins and premiums in PBO contracts



# 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.

# 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/>



# Energy Budget Defender - Sample

Report Date: April 2019

Renewal Date: Oct-2019

## 1. Wholesale Market Tracker

As part of Beond's Fixed Plus Risk Management Report procurement service we will monitor Optivo's wholesale costs daily against Optivo's agreed cap and target price. This report is a summary of our service.

The below graph shows Optivo's 12 month forward wholesale price movement for your renewal date in Oct 2019. Included in this graph are the agreed targets and caps and your fixed wholesale price from your Oct 2018 tender.



Wholesale Market (p/kWh)				Caps + Targets (p/kWh)			
Last Month average	Lowest	Highest	Range	Cap	Variance	Target	Variance
1.66	1.57	1.80	0.23	2.54	0.87	1.96	0.30

\*Please refer to glossary for terminology

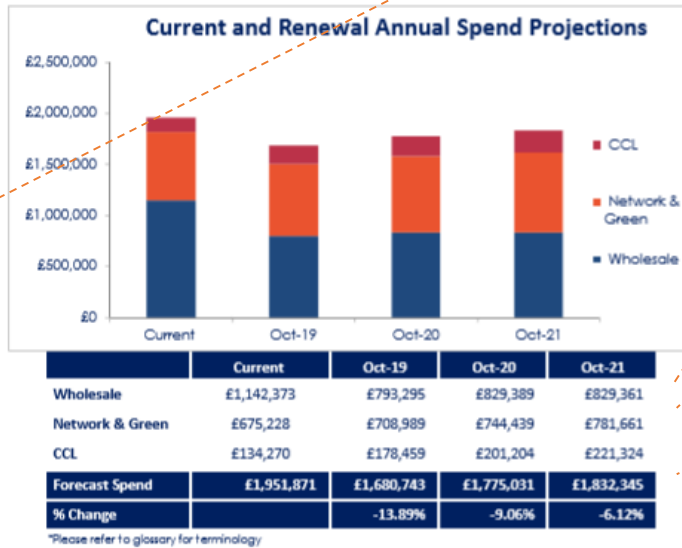
Report Date: April 2019

Renewal Date: Oct-2019

## 2. Annual Spend Projections

The below table and bar chart shows Optivo's estimated annual spend for their current contract agreed Oct 2018. It also shows Optivo's estimated spend over the next 3 years from your renewal date in Oct 2019.

These estimates are created from your usage of 49,546,085 kWh's per annum. The below table and bar chart is calculated using your projected wholesale gas costs (found on the wholesale tracker) and your contracted distribution, metering, CCL and other costs agreed Oct 2018, including future estimates.



Beond will continue to track the wholesale market for your future contract. Please find attached our monthly market report on our website (<https://beondgroup.com/be-informed/>) for further information on current market drivers and regulatory news.

If you have any questions about the report please contact your key contact Tamos Edwards.

Sets caps and triggers to meet an agreed risk strategy

Tracks wholesale market against your current price

Projects tax increases for next 3 years

Projects annual costs for the next 3 years

Provides rationale on market timing and settlement

# Process Summary

# Beond

1- Reverse engineer current contract



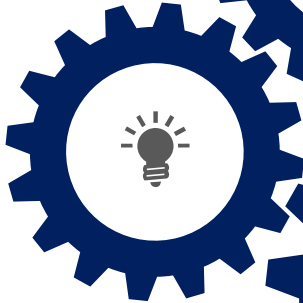
4- Evaluate auction results for value



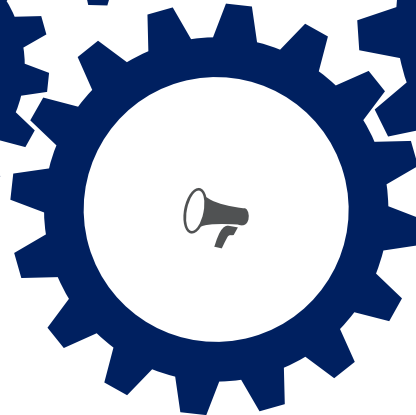
6- Call off contracts if results and savings are satisfactory



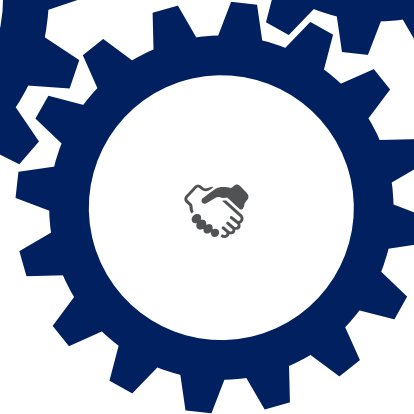
2- Define margins and supplier premiums



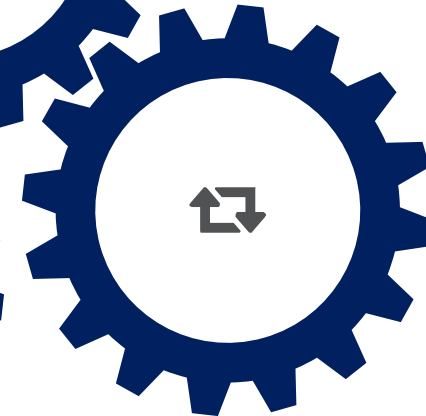
3- If margins are excessive run a trial auction



5- Instruct Beond to call run a formal OJEU tender via their framework



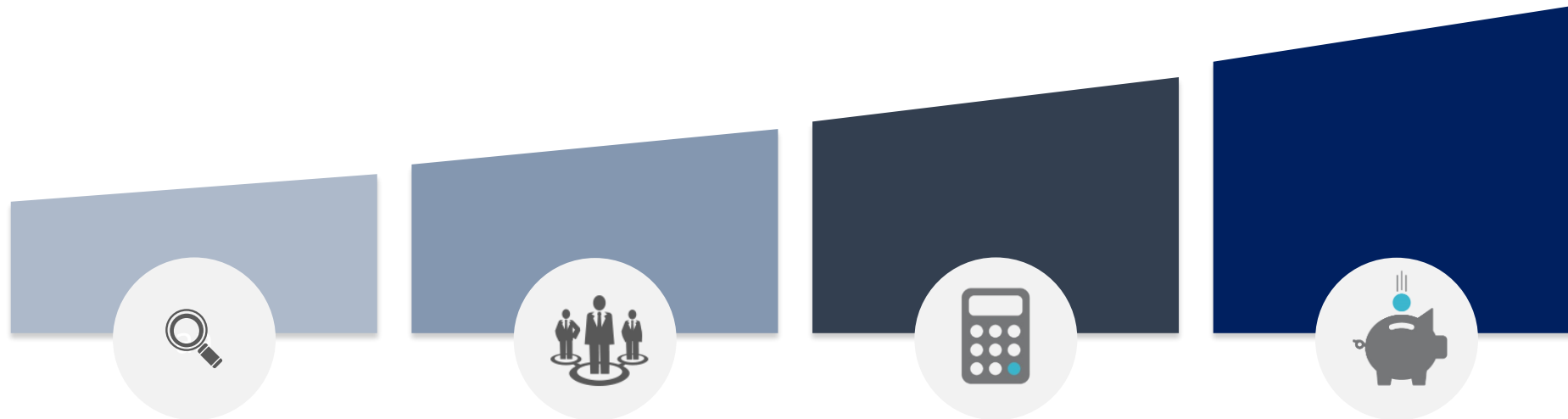
7- Allow Beond to manage contracts and market risks going forward



# Summary of Benefits

Beond

Offering risk free compliance without compromise



## Transparency

Direct market prices  
transparency to all parties  
on the day of tender

Bids can be audited at  
meter level

Legally compliant process

## Choice

Wider choice of  
suppliers

Broader range of  
hedging strategies

Bespoke contracts

## Efficiency

Instant assessments  
on all contracts

Suppliers have  
multiple opportunities  
to bid

Price and contract  
are assessed

## Savings

Exposes hidden  
premiums in up to 23  
cost components

Targets 5% savings  
against other offers

Complimentary VAS

# Proven Results- Savings Delivered

# Beond

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



North Tyneside Council

UMS Procurement services

**£140k savings**



UMS Procurement services

**£270k savings**



OJEU Procurement services

**£53k savings**

Salford City Council

OJEU tender for procurement services

**£731k savings**



Tender for procurement, bill validation and carbon compliance services

**£2.7m savings**



OJEU tender for procurement, bill validation, auditing and metering services

**£500k savings**



Tender for procurement, bill validation and carbon compliance services

**£290k savings**



OJEU tender for procurement, bill validation, solar PV and carbon compliance services

**£220k savings**



**Newcastle Council and North Tyneside Council**  
**Best Tender Results for UMS eAuctions 11/10/18**

# Newcastle UMS E-Auction Results

# Beond

Your Tender Summary Report Newcastle City Council  
Public Sector

Your Tendered Estate	
Product:	HH
EAQ (kWh's):	18,829,634
Number of Meters:	1
Auction Close Date:	11 Oct 2018
Start date:	01 Nov 2018
Energy broker:	Mike Chan, 07848 929089, mike.chan@beondgroup.com

Your Current Costs (calculated using your current rates against present consumption levels)

Contract Details (click on the supplier name for a full breakdown of their offer)			Comparison		
Term	Supplier	Average p/kWh	Estimated Annual Contract	% Behind Best Bid:	£ Behind Best Bid:
	<a href="#">Scottish &amp; Southern</a>	0.0000		n/a	n/a



Analysis of Offers received (all offers are annualised regardless of duration)

Contract Details (click on the supplier name for a full breakdown of their offer)				Comparison				Offer Details			
Term	Supplier	Average p/kWh	Estimated Annual Contract	% Behind current prices:	£ Versus current prices:	% Behind Best Bid:	£ Behind Best Bid:	Comments:	Credit:	Payment:	Vol Tol:
12 months	<a href="#">EDF Energy</a>	13.0822	£2,463,339	n/a	£2,463,339	n/a	n/a	Fully fixed & inclusive	Passed	14 days BACS	n/a
	<a href="#">Haven Power</a>	13.0835	£2,463,568	n/a	£2,463,568	0.0%	£229	Fully fixed & inclusive	Passed	14 days BACS	90% /110 %
	<a href="#">Scottish &amp; Southern</a>	13.3054	£2,505,349	n/a	£2,505,349	1.7%	£42,010	Fully fixed & inclusive	Passed	14 days BACS	Varies
24 months	<a href="#">EDF Energy</a>	13.0738	£2,461,757	n/a	£2,461,757	n/a	n/a	Fully fixed & inclusive	Passed	14 days BACS	n/a
	<a href="#">Haven Power</a>	13.1046	£2,467,545	n/a	£2,467,545	0.2%	£5,788	Fully fixed & inclusive	Passed	14 days BACS	90% /110 %
	<a href="#">Scottish &amp; Southern</a>	13.4287	£2,528,579	n/a	£2,528,579	2.7%	£66,822	Fully fixed & inclusive	Passed	14 days BACS	Varies
36 months	<a href="#">EDF Energy</a>	13.0046	£2,448,727	n/a	£2,448,727	n/a	n/a	Fully fixed & inclusive	Passed	14 days BACS	n/a
	<a href="#">Haven Power</a>	13.0704	£2,461,116	n/a	£2,461,116	0.5%	£12,389	Fully fixed & inclusive	Passed	14 days BACS	90% /110 %
	<a href="#">Scottish &amp; Southern</a>	13.4826	£2,538,730	n/a	£2,538,730	3.7%	£90,003	Fully fixed & inclusive	Passed	14 days BACS	Varies

## Suppliers not shortlisted but provided bids

Supplier Name
Brook Green Supply
E.ON Energy
Scottish Power
Smartest Energy

The most economical offer is the EDF 36 month which is **100% green** with **no volume tolerance** and **fully fixed**  
The Scottish and Southern benchmark was third and beaten by **£90,003/year**

# North Tyneside Council UMS E-Auction Results

# Beond

Your Tender Summary Report North Tyneside Council  
Public Sector

Product:	HH
EAQ (kWh's):	10,607,656
Number of Meters:	1
Auction Close Date:	11 Oct 2018
Start date:	01 Nov 2018
Energy broker:	Mike Chan, 07848 929089, mike.chan@beondgroup.com

Your Current Costs (calculated using your current rates against present consumption levels)

Contract Details (click on the supplier name for a full breakdown of their offer)				Comparison	
Term	Supplier	Average p/kWh	Estimated Annual Contract	% Behind Best Bid:	£ Behind Best Bid:
	Scottish & Southern	0.0000		n/a	-£1,404,713

Analysis of Offers received (all offers are annualised regardless of duration)

Contract Details (click on the supplier name for a full breakdown of their offer)				Comparison				Offer Details			
Term	Supplier	Average p/kWh	Estimated Annual Contract	% Behind current prices:	£ Versus current prices:	% Behind Best Bid:	£ Behind Best Bid:	Comments:	Credit:	Payment:	Vol Tol:
12 months	<a href="#">Haven Power</a>	13.2850	£1,409,225	n/a	£1,409,225	n/a	n/a	Fully fixed & inclusive	Passed	14 days BACS	90% / 110%
	<a href="#">EDF Energy</a>	13.3111	£1,411,999	n/a	£1,411,999	0.2%	£2,774	Fully fixed & inclusive	Passed	14 days BACS	n/a
	<a href="#">Scottish &amp; Southern</a>	13.4975	£1,431,770	n/a	£1,431,770	1.6%	£22,545	Fully fixed & inclusive	Passed	14 days BACS	n/a
24 months	<a href="#">EDF Energy</a>	13.3009	£1,410,916	n/a	£1,410,916	n/a	n/a	Fully fixed & inclusive	Passed	14 days BACS	n/a
	<a href="#">Haven Power</a>	13.3064	£1,411,495	n/a	£1,411,495	0.0%	£579	Fully fixed & inclusive	Passed	14 days BACS	90% / 110%
	<a href="#">Scottish &amp; Southern</a>	13.6239	£1,445,178	n/a	£1,445,178	2.4%	£34,262	Fully fixed & inclusive	Passed	14 days BACS	n/a
36 months	<a href="#">EDF Energy</a>	13.2424	£1,404,713	n/a	£1,404,713	n/a	n/a	Fully fixed & inclusive	Passed	14 days BACS	n/a
	<a href="#">Haven Power</a>	13.2730	£1,407,956	n/a	£1,407,956	0.2%	£3,242	Fully fixed & inclusive	Passed	14 days BACS	90% / 110%
	<a href="#">Scottish &amp; Southern</a>	13.6821	£1,451,346	n/a	£1,451,346	3.3%	£46,632	Fully fixed & inclusive	Passed	14 days BACS	n/a

Suppliers not shortlisted but provided bids

Supplier Name
Brook Green Supply
E.ON Energy
Scottish Power
Smartest Energy

The most economical offer is the EDF 36 month which is 100% green with no VT and fully fixed  
The Scottish and Southern benchmark was third and beaten by **£46,632/year**

# Newcastle and NTC Case Study Results

Beond

Objectives achieved:

Transparency

- Participants submitted live bids on the day of the auction
- All offers were visible to all stakeholders
- All bids were time stamped and fully auditable
- SSE provided the incumbent benchmark on the day of the tender, which was compared like for like

Choice

- 7 suppliers competed aggressively with multiple bids to win the business
- Contracts terms were negotiated to meet clients needs (100% green/ zero volume tolerance)

Efficiency

- Instant assessments on all contracts
- Automated evaluation
- Qualitative and quantitative criteria were assessed

Savings

- Newcastle Council achieved **£270k** cost avoidance over the 36-month contract
- North Tyneside Council achieved **£140k** cost avoidance over the 36-month contract

Collective benefit was **£410k** over the 36-month contract provided by the benchmark





For information on our other services please contact us on [info@beondgroup.com](mailto:info@beondgroup.com)