

Procurement Factsheet

Local Energy Accelerating Net Zero

Project LEO is an ambitious, innovative energy system project helping the country achieve net zero emissions by 2050 and a smart, local balanced energy system that benefits us all.



About Project LEO

Project LEO is an innovation project, funded by InnovateUK as part of its programme to accelerate innovation in smart local energy systems. Project LEO consists of numerous sub-projects with a wide scope, all relating to “energy flexibility services”. Energy flexibility is making a temporary change, on request, in how we use or generate energy, and at what time we do that. This paper focusses on procurement information for two of these sub-projects: the “DSO-procured” and “DSO-enabled” energy trading markets, which both trade different types of energy flexibility services in a marketplace.

Market Agreements

There are two markets, both of which are governed by comprehensive agreements and terms:

DSO Procured Market	Peer to Peer Capacity Trading Market
Flexibility Services Agreement	Peer to Peer Termsheet
Trading Platform Terms and Conditions of use, that are applicable to both markets, for 2 different trading platforms: NMF and Piclo (details held within the Piclo platform)	

Key features of the “DSO-procured” market

This market is all about Scottish and Southern Electricity Networks (SSEN) procuring energy flexibility services that they need, as the electricity grid operator.

- Our role would be to respond (put in a bid) to SSEN’s requests for flexibility services. In other words we are not the owner of the procurement – we are the supplier who is being procured by SSEN.
- SSEN will always be the only organisation requesting services in this market, and would always be the only organisation paying us as a supplier.
- We cannot procure services for ourself within this market.
- The market trading platforms/software being developed by Project LEO are SSEN’s dedicated procurement portal for this market. This is not negotiable.
- The market is set up a bit like a Framework Agreement or Dynamic Purchasing System, in that we are one of many who has to pre-qualify to join the market, organisations can join at any time, and we would be competing with others to supply services to SSEN.
- Part of the pre-qualification is a contract that covers the basic market terms and conditions, with specifics of individual trades then contractually agreed through the trading platforms at the point when SSEN accepts bids for their procurement requests.

- Advertising periods for SSEN’s procurement requests are short (between a week ahead and as little as an hour ahead of service delivery depending on the service SSEN need) so it is a very dynamic process. It’s up to us which services we bid for. When placing a bid, the platform confirms that “*by submitting this bid on to the platform you are entering in to a contract to deliver your bid, if you are called upon to do so approach*”.
- We can either choose to invoice SSEN for individual trades, or automatic payments can be set up.

Key features of the “DSO-enabled” market (also called Peer-to-Peer, or P2P capacity trading market)

This market is all about local organisations buying and selling energy flexibility services between them. SSEN does not procure services for itself in this market, but does facilitate requests and checks that trades are compatible with the electricity network infrastructure. SSEN has the final authorisation on whether a trade can proceed.

- The Peer Organisations are *in control of the procurement process* and initiate the trades:
 - ◇ They can submit an advert to procure energy services (either they would like to sell surplus electrical capacity and generate income, or they would like to pay others in order to buy extra capacity). Multiple organisations could respond – i.e. it’s like an open tender, and Project LEO calls this “the Pool Route”.
 - ◇ They can directly request a company to bid for a buy/sell service – i.e. it’s like an invitation only tender, and Project LEO calls this “the Direct Route”. There may be some element of to-ing and fro-ing to negotiate a mutually acceptable price, and the procuring organisation may choose to only approach one organisation for their bid.
- Organisations that are *being procured* can respond to adverts or requests for a bid (i.e. they are not initiating the trade themselves). They will be informed through the trading platform if they have been successful or not.
- The options for our role in this market are to;
 - ◇ proactively undertake a procurement to advertise and sell our surplus electrical capacity.
 - ◇ be procured to sell our electrical capacity by responding to other people’s “buy” adverts.
 - ◇ procure energy flexibility services where we will have to pay others.

Our preference of these options is to **XXXXXXXXXX**

- The same market trading platforms/software being developed by Project LEO for the DSO-procured market, are the same dedicated procurement portals for this market. This is non-negotiable.
- All organisations must pre-qualify with SSEN to take part in this market, with specifics of individual trades then contractually agreed through the trading platforms.
- Advertising periods for procurement requests and “signing” of individual bid contracts take the same approach as the DSO-Procured market.
- We will always have to send/receive invoices for payment from the other organisation, there is no automatic payments administered through the trading platform.



Project LEO is working closely with the SSEN led TRANSITION project and you can find out more information about the market trials on their website



<https://ssen-transition.com/get-involved/flexibility-market-trials/>