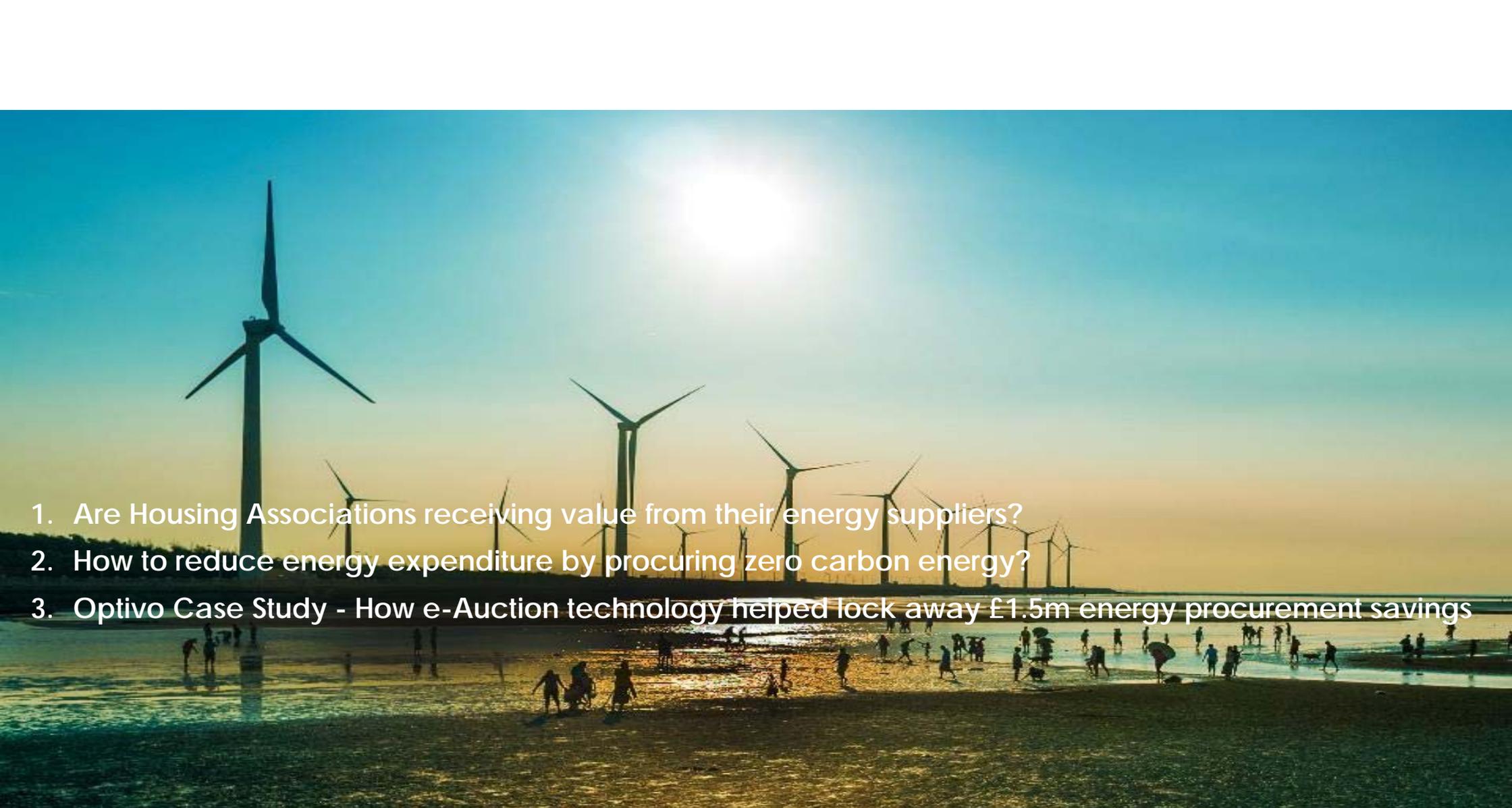


- 
1. Are Housing Associations receiving value from their energy suppliers?
  2. How to reduce energy expenditure by procuring zero carbon energy?
  3. Optivo Case Study - How e-Auction technology helped lock away £1.5m energy procurement savings

16/01/20

**APSE Housing Event**  
Delivered by Mike Chan - Beond Group

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# Beond – Proud Members of APSE



## Our Business:

Beond is a multi-award winning zero carbon 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 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



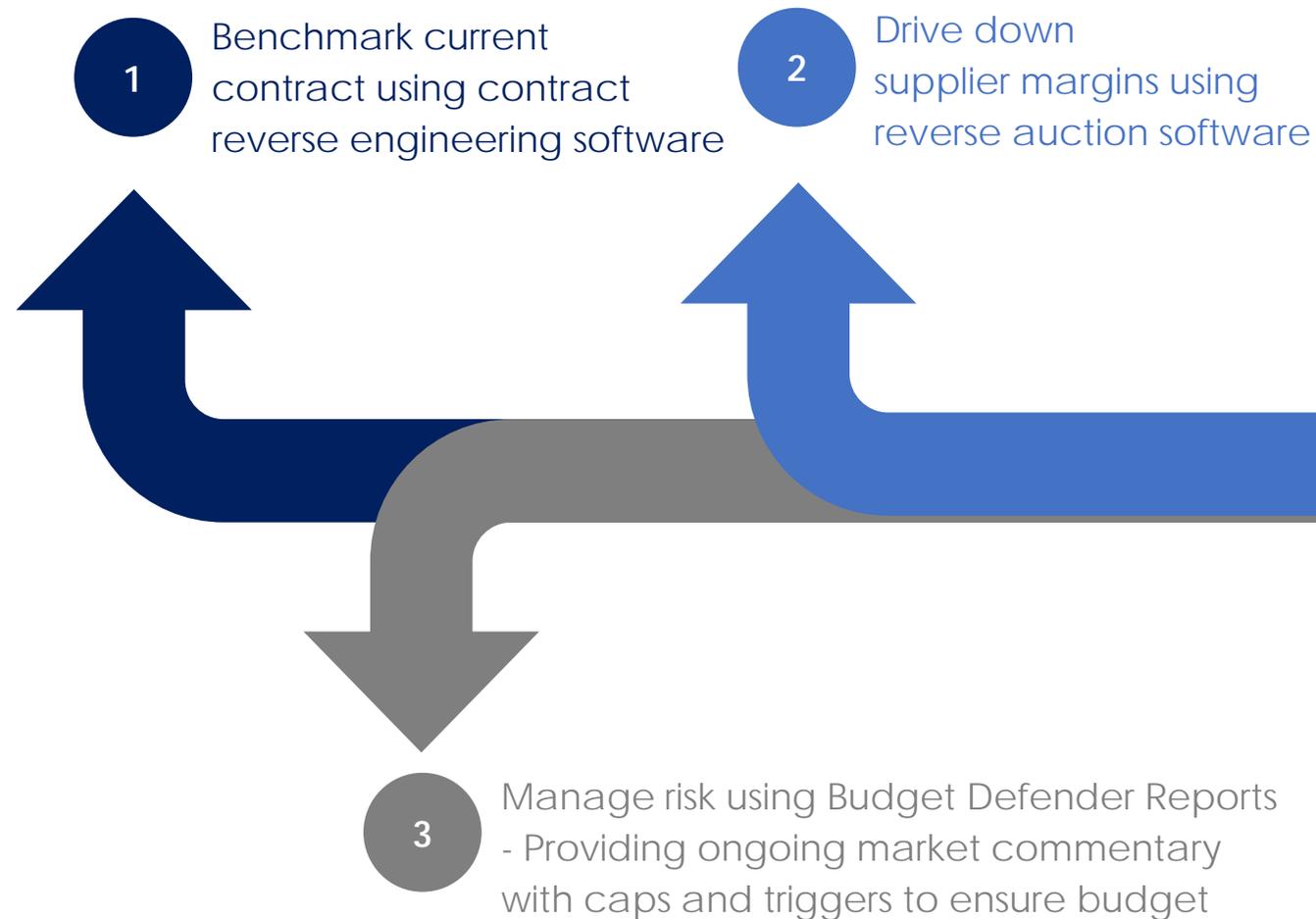
# How To Ensure Best Value From Your Energy Provider

**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 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

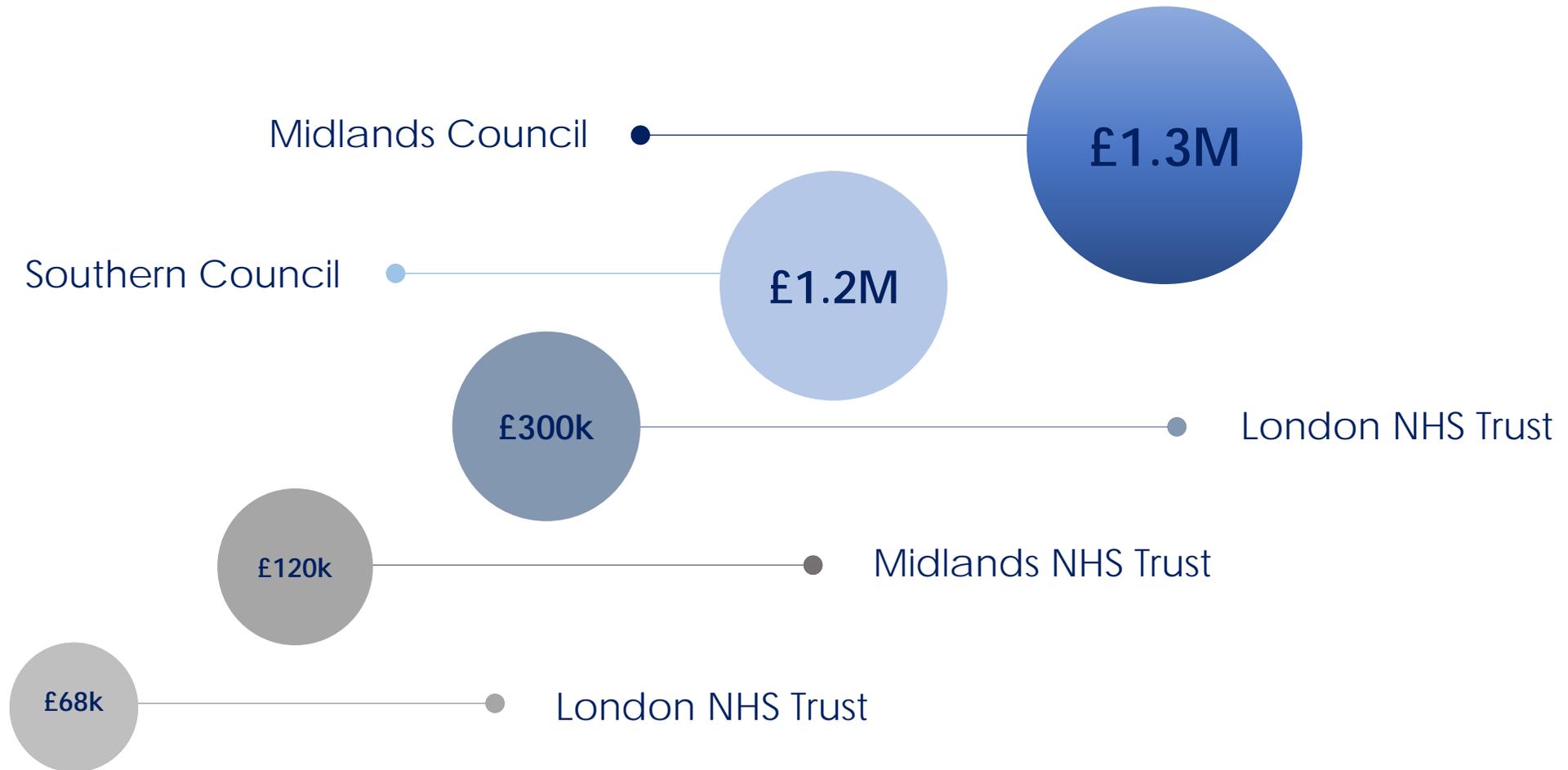
\*High - Day with the highest wholesale closing price in the 6-month period prior to the contract start

- 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

**Beond**



# 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

Page 1 of 1 20

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

**Beond**

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

Page 1 of 1

- 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.

Cap Set (p/kWh)	2.54
Target Set (p/kWh)	1.96
Current Price (p/kWh)	1.60



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

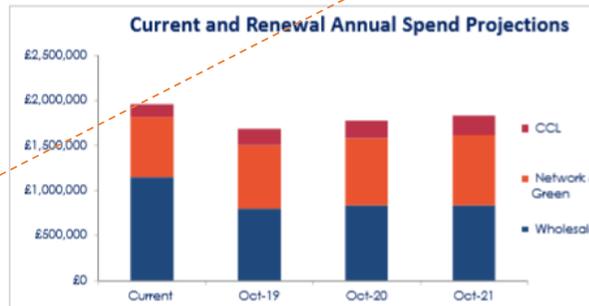
Report Date: April 2019

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.



	Current	Oct-19	Oct-20	Oct-21
Wholesale	£1,142,373	£793,295	£829,389	£829,361
Network & Green	£675,228	£708,989	£744,439	£781,661
CCL	£134,270	£178,459	£201,204	£221,324
<b>Forecast Spend</b>	<b>£1,951,871</b>	<b>£1,680,743</b>	<b>£1,775,031</b>	<b>£1,832,345</b>
<b>% Change</b>		<b>-13.89%</b>	<b>-9.06%</b>	<b>-6.12%</b>

\*Please refer to glossary for terminology

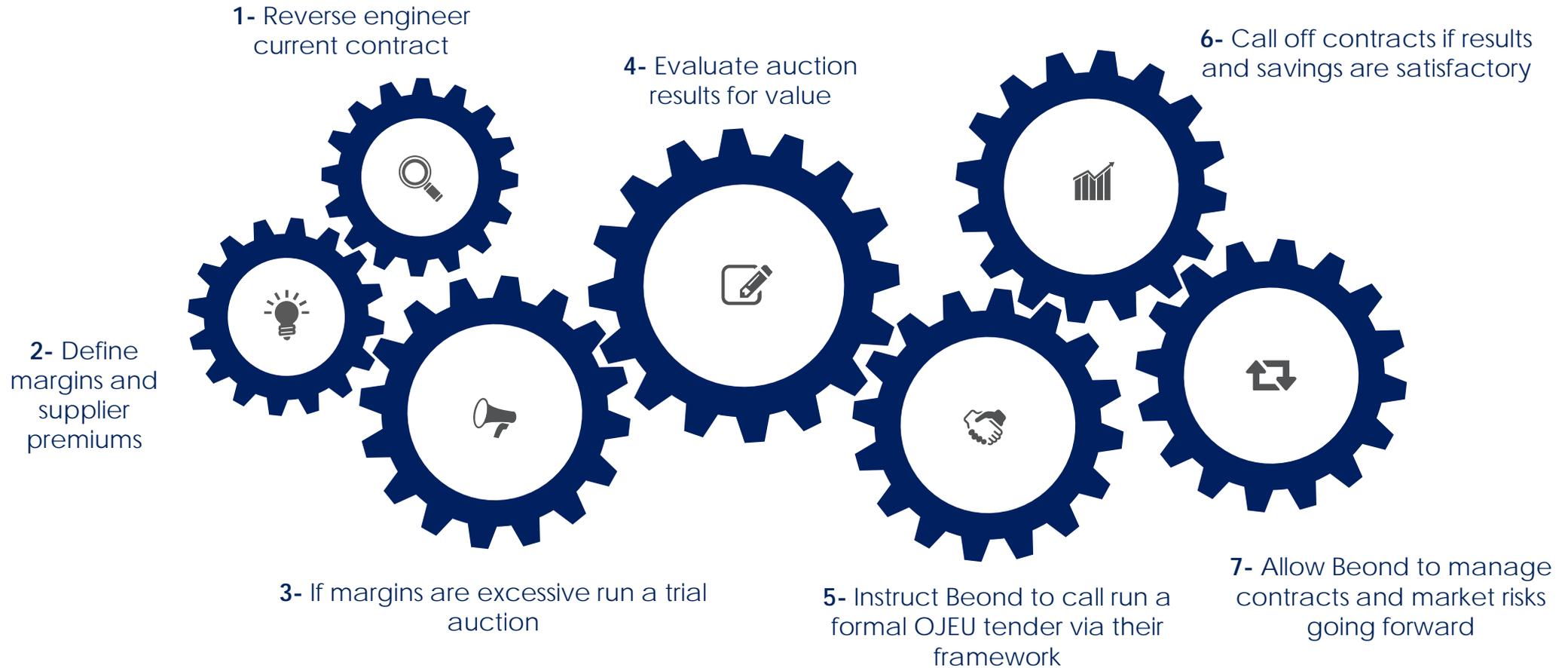
Beond will continue to track the wholesale market for your future contract. Please find attached our monthly market report on our website (<https://beondgroup.com/be-informed/>) for further information on current market drivers and regulatory news.

If you have any questions about the report please contact your key contact Tomos 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

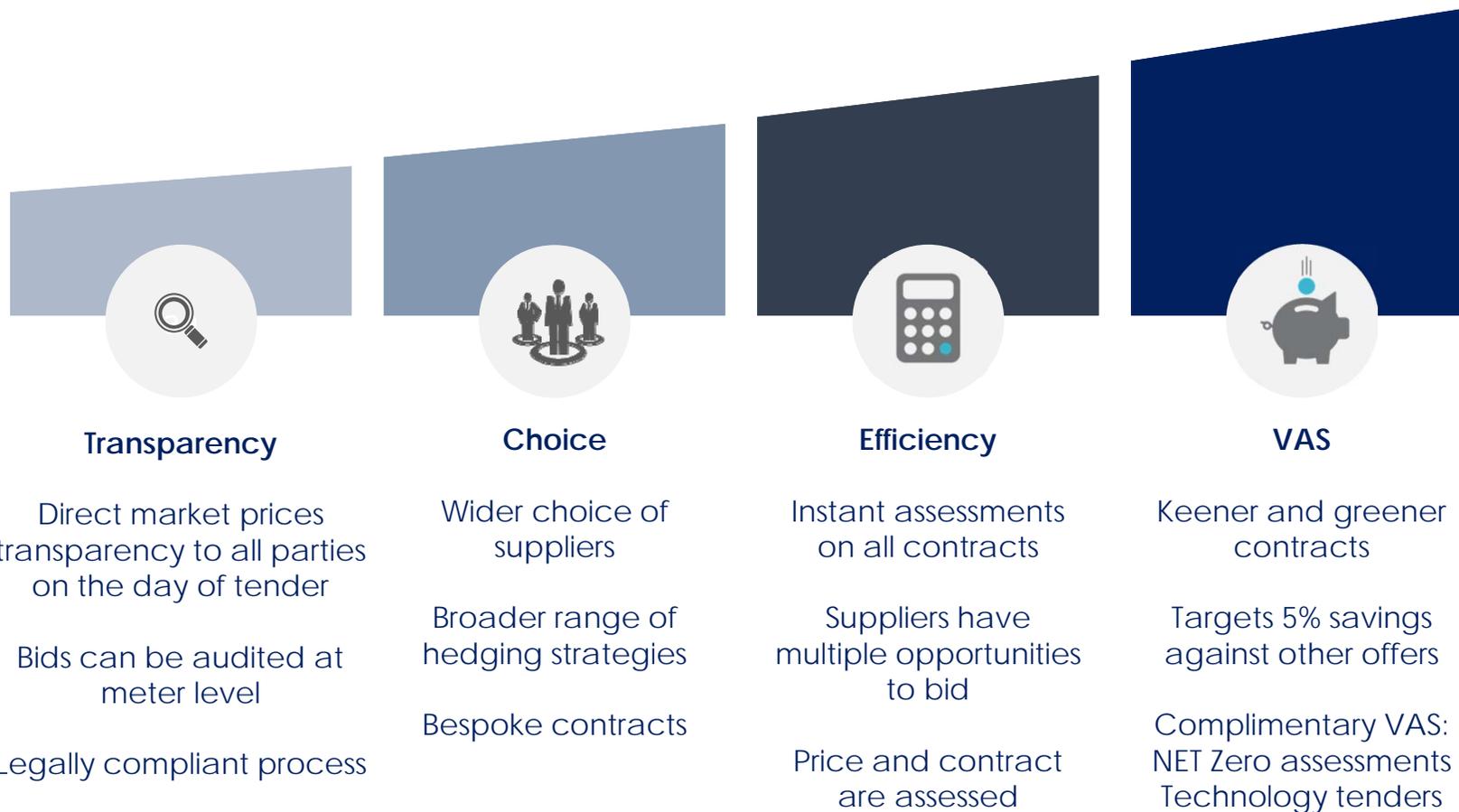
**Beond**



# 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

UMS Procurement services

**£140k savings**



UMS Procurement services

**£850k 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

**SAHA 7%  
TSA £2.7m savings**



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

**£1.7m savings**



Tender for procurement, bill validation and carbon compliance services

**£290k savings**



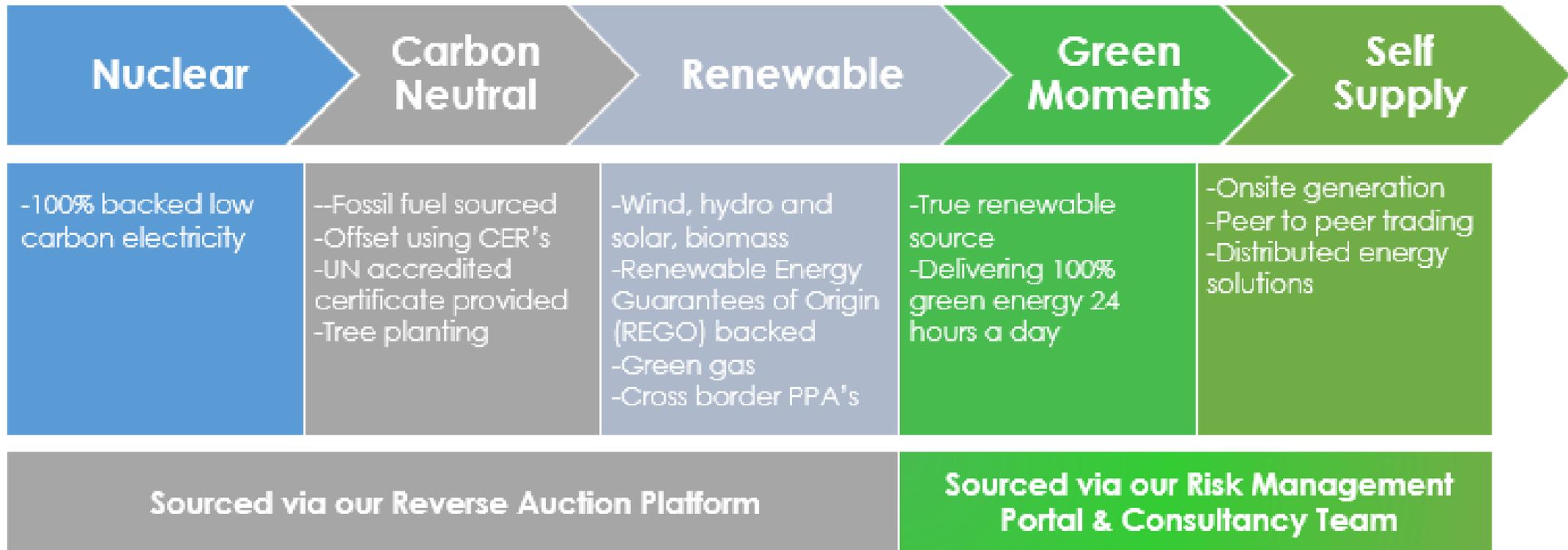
OJEU tender for procurement, bill validation, solar PV and carbon compliance services

**£220k savings**

# How green will save you money

**Beond**

All zero carbon energy sources are available including commodity offset and premium renewable



Beond will guarantee zero carbon contracts without premiums or pay for the carbon offset.

# Optivo Case Study (Please see printed hand out)

# Beond



**Beond**

**CASE STUDY**  
Optivo

Optivo invest in OJEU tendering software to lock away £1.5m (9.6%) savings



## Energy Procurement - Housing Association Case Study

**Our Client:**

Optivo are one of the largest housing providers in the UK, with 44,000 homes in London, The South East and The Midlands.

They work with residents, local authorities and partners to create safe and sustainable communities for residents.

Over the next 10 years they are investing £3.5b, developing 1,500 new affordable homes per year.

Their energy estate currently comprises of some 2,908 gas and electricity meters supplying the commercial and communal areas.



In July 2018 Optivo decided to examine their energy procurement options to help combat rising energy costs. This led to them meeting with Beond who were tasked to benchmark their tender results against their long term incumbent energy broker's best offer. The results conclude that Beond's fully managed OJEU tender provided **£240,520 (4.95%)** advantage when comparing offers like for like with the benchmark.

Beond's differentiator is their unique eAuction software that is used as part of the evaluation procedure within the OJEU tender. It instantly calculates supplier offers and then forces suppliers to reduce their margins to win the business.

**The Challenges:**

The tender was complex given the volume of meters involved and the volatility of the market. Beond were also tasked with providing zero carbon electricity at no premium to meet the organisations sustainability demands.

**Tender participation:**

- Gas auction attracted 12 bids for 437 meters
- NHH electricity auction attracted 15 bids for 2,420 meters
- HH electricity auction attracted 24 bids for 51HH meters

All 2,908 meters were switched to new suppliers on time.

Bespoke bill validation and reporting were provided as complimentary value added services.

In April 2019 Optivo deployed Beond's technology, market intelligence and recommendations to help lock away **£1,589,742 (9.6%)** savings against current prices for the next 3 years.

**Testimonial:** "The use of Beond's software and processes allowed us to create significant savings against the traditional manual broker procurement methodology. We found Beond to be very knowledgeable and helpful with resolving historic issues and managing the entire OJEU procurement process."

I would not hesitate to recommend them to other housing association looking for new ways to reduce energy expenditure"  
— Diana Lock Head of Energy and Environment – Asset Management





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