

# INTELLIGENT PROCUREMENT



**MONARCH PARTNERSHIP**

*Utilities simplified*

# INTELLIGENT PROCUREMENT

Our aim is to help you reduce your overheads and get the best prices for your business energy and water. Having an intelligent procurement strategy allows you to understand your total cost base and consumption trends. As a result, you efficiently manage your portfolio, investment and cash-flow projections. We constantly monitor the wholesale market and analyse prices daily to guarantee the best deals and value for money.

## TRANSPARENT PROCUREMENT THE VALUE YOU GET

- Tailored for your needs and risk acceptance levels
- Market analysis to ensure best prices
- Suggestions 24 months prior to contract renewal
- Accurate data management for asset portfolio
- Tender analysis, position reporting
- Interpretation of complex supplier offers
- Negotiation of contract framework and prices
- Smooth supplier transfer management
- Energy and water consumption profile
- Real-time consumption and cost reports
- Procurement & risk management strategy
- Mobilisation plan for execution
- Tender documents and technical specs
- Analytical evaluations
- Free Frameworks for OJEU compliance
- Continuous bill validation, free of charge

# FREE OJEU COMPLIANT PURCHASING FRAMEWORKS

We offer two OJEU compliant purchasing frameworks, which are free to use by all public organisations. These include:

1. The Genesis Housing Association Energy Purchasing Framework, which we manage on their behalf. We provide it free of charge to all public sector organisations. For more information, please visit [www.monarchpartnership.co.uk/genesis-ojeu-energy-purchasing-framework/](http://www.monarchpartnership.co.uk/genesis-ojeu-energy-purchasing-framework/)
2. Through a competitive tendering process, we were ranked first for the Compliant Procurement Solutions (CPS) Energy Supplier framework agreement.  
Please visit: <http://compliantprocurementsolutions.co.uk/>

We work in partnership with Genesis HA and CPS to provide full OJEU compliance. Thereby we enable all public sector and not-for-profit organisations to adhere to the EU laws and Public Contracts Regulations 2015 as well as to demonstrate Best Value when purchasing energy or related products and services.

We have created a standard energy tender evaluation scoring model, which we use for all tenders and mini-competition call-offs to ensure OJEU and Public Contracts Regulations 2015 compliance within the framework agreement.

Following Brexit, we will update our public procurement processes to respond to any changes the Government may choose to make. You can rest assured that, whatever changes happen, we will ensure that your tenders remain legally compliant.



# SUPPLIERS WE WORK WITH

We always tender to the OJEU framework suppliers:

Genesis suppliers include:

- Corona
- CNG
- EDF
- Engie
- EON
- Gazprom
- Haven Power
- Opus
- Smartest
- SSE
- Total

CPS suppliers include:

- British Gas
- Corona
- EDF
- Gazprom
- GDF
- Npower
- Opus
- Smartest
- SSE
- Total



# OUR INTELLIGENT PROCUREMENT PROCESS

How and when to procure is critical to your business. If you buy at the right time, you can save a lot of money. We work closely with our clients to ensure that they get the best prices every time.

Our procurement process is set out in the figure below:

## PROCUREMENT PROCESS



# PROCUREMENT TACTICS

We offer variety of tactics to implement your for fixed, flexible and/or basket procurement strategy:

1. Fixed term-fixed price
2. Market-related fixed price
3. Protected budget monthly automised flexible in advance
4. Protected budget flexible purchase in advance
5. Protected budget monthly automised flexible within period
6. Protected budget flexible purchase within period
7. Protected budget flexible purchase day ahead
8. Basket/collective purchase

## ETHICAL AND SUSTAINABLE PROCUREMENT

In our best price-quality ratio we take into account “other criteria”, such as qualitative environmental and social aspects.

With regards to ethical procurement, we focus on adherence to international standards, such as anti-bribery, corruption, fraud, and human rights abuses/modern slavery. To guarantee sustainable procurement, we aim to secure environmental, social and economic improvements without compromising current and future needs or our customers.

We do not to cooperate with suppliers, who have poor health and safety, are engaged in corruption or collusion, have failed to pay tax or social security contributions for their workforce or do not comply with labour laws. In light of the Modern Slavery Act 2015 (MSA), we strive to check no forced labour exists in the supplier’s supply chains.



# MAIN PROCUREMENT STRATEGIES IN BRIEF

## **Option One - Fixed Strategy**

- *Good for securing your volume in a one-time purchase*

The fixed strategy places emphasis on searching for the market low and provides price certainty. We use a wide range of market analysis techniques to identify low points in the market to lock out 100% of the volume in the portfolio. The purchases will be made within 12 months of the renewal date of your energy contract.

## **Option Two – Lock/Unlock**

- *Good for taking advantage of market volatility*

The lock/unlock strategy aims to optimise your price. We use technical analysis to identify and react to market trends and patterns. This strategy looks to cap prices in rising markets and expose volume in falling markets, unlocking more volume than a capped strategy.

## **Option Three – Capped**

- *Good for budget certainty*

The capped strategy places emphasis on optimising your price through risk management, but with the protection of a predetermined price cap. Mechanisms within this strategy protect against rising market prices and provide an upper level budgetary price, whilst allowing strategic trading to capitalise on a downward market movement.

## **Option Four – Fully Flexed Hybrid**

- *Good for price optimisation if you can take the risk*

The Fully Flexed Hybrid strategy looks to buy volume within the delivery period. The energy trading team will decide whether to buy on the month ahead or day ahead market, depending on the market conditions. Please note this strategy is not available for non-half-hourly electricity supplies. You also have the option to lock/unlock with a fixed strategy if the variable price is starting to climb.



# HOW TO PROCURE INTELLIGENTLY?

We work closely with all our clients to find out how and when they would like to procure fixed, flexible or basket. Thus, we can offer them the best solutions for their energy needs. Our approach is customisable, and is determined by the needs and ambitions of our clients.

Prior to procurement and tendering processes we collect and cleanse all utilities data to compile an up-to-date Asset Register and Consumption Profile with our Smart Asset Management (SAM) service, a holistic approach to strategic asset management.

We use the collected data to create a site-by-site analysis of consumption, current rates and supplier offers. Combined with our online reporting, you can easily monitor and assess your expenditure in real-time.

## CONSULTATION

As part of our processes, we consult with your key stakeholders, ensuring they are kept fully apprised of the options throughout the process. We have found this approach ensures the best possible results for our clients.

## ENSURING VALUE FOR MONEY (VfM)

We know the importance our clients place on VfM, especially during this time of budget constraints. We work closely with you to ensure that you are achieving VfM from your energy and water contracts. Moreover, these savings are passed onto you, for example, to invest in improved services for your customers. We keep you fully informed of the quotes and tender analysis to facilitate the decisions you will make, and the impact they will have on the bottom line of your organisation.





## RISK MANAGEMENT AND PROCUREMENT STRATEGY

We create robust risk management and procurement strategies tailored to meet the needs of our customers. We base the strategy on your requirements and key issues you wish to see addressed, such as budget constraints, contract terms and your appetite for risk.

We aim to devise low risk, fixed and capped supply arrangements and/or flexible purchasing arrangements, to meet your criteria and deliver solid return on investment.

Once we receive sign off from you for the plans, we develop a robust procurement strategy and mobilisation plan to determine how we will execute the procurement.

We focus on two main areas:

1. Cost savings compared to alternative options
2. Implementation procedures

Your risk management strategy describes how we mitigate market risk through hedging techniques, price capping, implementation of capital at risk, monthly or seasonal trading, etc. We quantify the threats posed by the unstable wholesale energy markets and explain how we will tackle those threats.

We regularly review your procurement performance.

We define the relevant policies and regulations affecting your energy or water procurement: for example, sustainability, consumption trends, CSR/CCL and other fossil fuel policies. In addition, we determine how factors such as best value, ISO 14001/50001 and OJEU will impact your procurement decisions.

## MOBILISING YOUR PROCUREMENT DECISIONS

Our robust mobilisation plan ensures you are in a good position to procure the best energy and water products to meet your objectives.

Our mobilisation plans includes the following:

- Daily monitoring of market prices
- Procurement options: fixed, variable or flexible strategies
- Creation of a request for quotation (RFQ)
- Analysis and reporting of supplier prices against your criteria and market conditions
- Report progress against the key milestones jointly agreed with our customers
- Quotation acceptance to lock in contract(s)
- Contract award, de-brief and registration
- Smooth management of transfer between suppliers to avoid penalty payments

We know the importance of maintaining regular and effective communication with our clients, especially when mobilising new energy and water contracts.

We work closely with key stakeholders at every stage, ensuring they know what impact the decisions will have on their business and their clients. Our mobilisation plan is fluid; it can be updated as and when the need dictates and changes occur, such as site additions and removals.

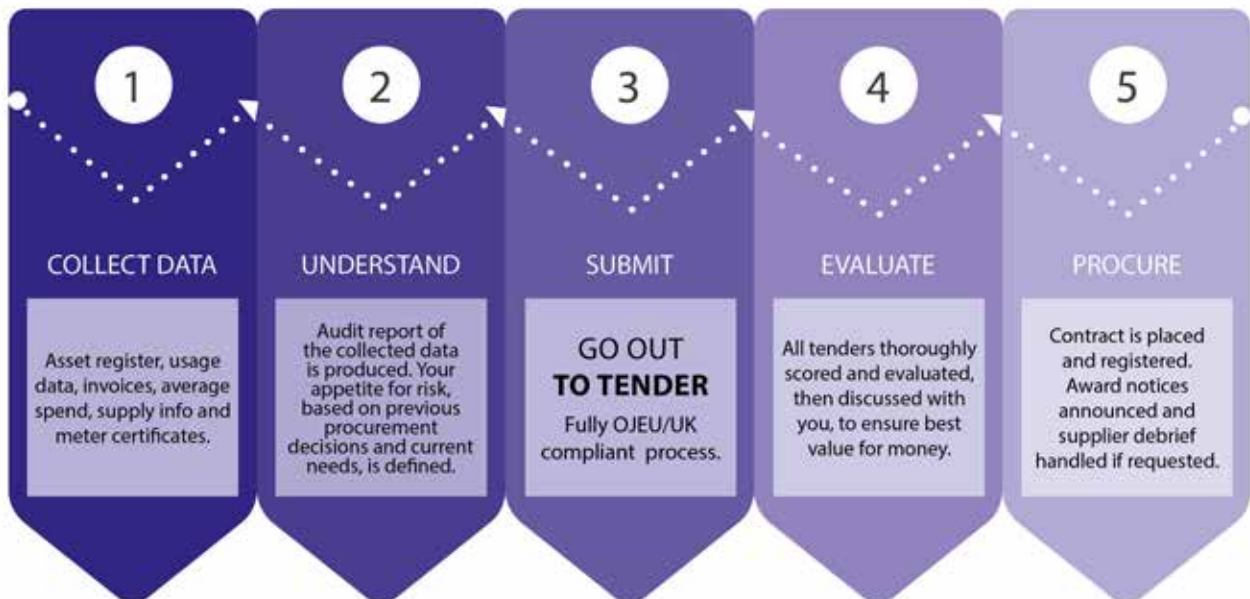
# TENDER MANAGEMENT PROCESS

Our tender management process shows a site-by-site analysis of consumption, current rates and supplier offers.

We use a well-defined tender process and standard tender templates of the established Frameworks to show the progress and results of each tender. Our evaluation and scoring model is divided into two main categories:

- General technical ability
- Quality and whole life cost

## TENDER MANAGEMENT



Our tender reports consist of several documents. For example, our tender analysis report contains:

1. A chart showing the performance of the current contract value versus the procurement options provided by the energy suppliers
2. Key information such as meter profile and meter type mix, energy market performance, total number of sites tendered, total annual consumption, contract start date, contract reference number, date presented, version etc.
3. A tabular summary of offers, showing: energy supplier, type of offer (contract type, energy type, payment type, payment duration), annual contract value, percentage difference versus current contract and monetary difference across the contract duration

You can also define your own bespoke evaluation and scoring criteria, which we will then use when you go to tender. As an example, we can include the following metrics in your tender documents:

- Volume tolerance
- Additional MPANs/MPRNs tolerance
- Payment terms
- Billing format, such as EDI
- Customer service and technical assistance
- Fully fixed e.g. pass through charges and levies
- Terms to match your KPIs

We are happy to submit a full list and examples of our tender evaluation and reporting documents to you per request. Please contact us on 0208 835 3535 or email us at [savings@monarchpartnership.co.uk](mailto:savings@monarchpartnership.co.uk)





# TRANSPARENT TENDER EXECUTION

We understand how important it is for the tender process to be fully transparent and open to scrutiny. Prior to sending the tender documents to the suppliers, we confirm the following with you:

- Scope, specification and potential value of the supply contract
- The potential number of interested parties submitting quotes
- Tender deadlines
- Award criteria, including any non-compliance and exclusion criteria
- Deliverable timeline to our clients

As a rule, we always get more than the required three quotes from suppliers. You can rest assured we get a fair cross-section of the market competing for your business.

Once you have decided upon the successful bidder, we will issue the relevant notices to the winning and losing tenderers. The notices will be fully compliant with the following: your requirements, OJEU Procurement Regulations, Public Contracts Regulations and other relevant policies.

Should we receive any objections from unsuccessful bidders, we will resolve these during the standstill period. Thus, you can be certain that the new energy or water contract will start on the agreed date.

Once the standstill period is complete and all objections are resolved, we work with you and the supplier to secure signed contracts from both parties in accordance with the Public Contracts Regulations 2015.

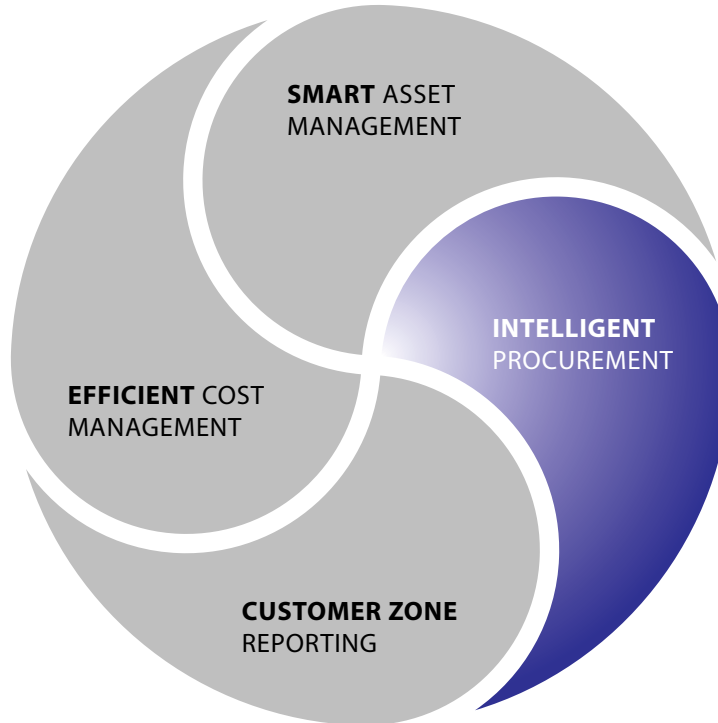
Categorically an outstanding, dedicated, professional albeit friendly energy consultancy who have proactively worked with us to deliver substantial savings across our Group energy contract. I've worked closely with Rauf Bashir their Commercial Manager for 7 months now and he has made managing all energy issues as effortless as a gentle summer breeze. I would confidently recommend their services to other social housing providers looking to appoint an expert team fully capable of managing Group energy contracts effectively and efficiently.

**Carl Mccaughey - Assistant Procurement Category Manager, Home Group**



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