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Contract

Heat Network Opportunity at Granton Waterfront, Edinburgh

City of Edinburgh Council
Edinburgh College
National Museums Scotland
National Galleries of Scotland
NHS Lothian

F03: Contract award notice
Notice identifier: 2024/S 000-009129
Procurement identifier (OCID): ocds-h6vhtk-03985a
Published 21 March 2024, 9:47am

Section I: Contracting authority

I.1) Name and addresses

City of Edinburgh Council

07710854517

Edinburgh

EH8 8BG

Contact

Kelly Faulds

Email

kelly.faulds@edinburgh.gov.uk

Telephone

+44 7710854517

Country

United Kingdom

NUTS code

UKM75 - Edinburgh, City of

Internet address(es)

Main address

<http://www.edinburgh.gov.uk>

Buyer's address

https://www.publiccontractsscotland.gov.uk/search/Search_AuthProfile.aspx?ID=AA00290

I.1) Name and addresses

Edinburgh College

Bankhead Drive, Sighthill

Edinburgh

EH11 4DE

Email

procurement@edinburghcollege.ac.uk

Telephone

+44 1315354764

Country

United Kingdom

NUTS code

UKM75 - Edinburgh, City of

Internet address(es)

Main address

<http://www.edinburghcollege.ac.uk/>

Buyer's address

https://www.publiccontractsscotland.gov.uk/search/Search_AuthProfile.aspx?ID=AA00210

I.1) Name and addresses

National Museums Scotland

Chambers Street

Edinburgh

EH1 1JF

Email

j.harper@nms.ac.uk

Telephone

+44 3001236789

Country

United Kingdom

NUTS code

UKM - Scotland

Internet address(es)

Main address

<http://www.nms.ac.uk/>

Buyer's address

https://www.publiccontractsscotland.gov.uk/search/Search_AuthProfile.aspx?ID=AA00423

I.1) Name and addresses

National Galleries of Scotland

National Galleries of Scotland, 73 Belford Road

Edinburgh

EH4 3DS

Email

amadeirarezende@nationalgalleries.org

Telephone

+44 1316246374

Country

United Kingdom

NUTS code

UKM75 - Edinburgh, City of

Internet address(es)

Main address

<http://www.nationalgalleries.org>

Buyer's address

https://www.publiccontractsscotland.gov.uk/search/Search_AuthProfile.aspx?ID=AA11042

I.1) Name and addresses

NHS Lothian

Procurement Headquarters, Lothian Health Board Waverley Gate 2-4 Waterloo Place

Edinburgh

EH1 3EG

Email

Jane.Hopton@nhslothian.scot.nhs.uk

Telephone

+44 8454242424

Country

United Kingdom

NUTS code

UKM - Scotland

Internet address(es)

Main address

<http://www.nhslothian.scot.nhs.uk/>

Buyer's address

https://www.publiccontractsscotland.gov.uk/search/Search_AuthProfile.aspx?ID=AA00326

I.2) Information about joint procurement

The contract involves joint procurement

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Heat Network Opportunity at Granton Waterfront, Edinburgh

Reference number

CT2931

II.1.2) Main CPV code

- 71314000 - Energy and related services

II.1.3) Type of contract

Services

II.1.4) Short description

The City of Edinburgh Council (the Council) is seeking to procure the delivery of a low carbon heat network to serve the Granton Waterfront development and existing buildings in the surrounding area under a concession model. The Council wishes to identify a concessionaire with the most economically advantageous tender to design, build, finance, operate and maintain the low carbon heat network using a two-stage process.

The successful tenderer will initially be appointed to work with the Council over a c.8 month period under a Pre-Development contract before a final business case for the project is made. This approach has been devised as part of the Council's procurement strategy to reduce the burden of tendering as much as possible on tenderers and to encourage collaboration, innovation, risk apportionment, and partnership between the Council and the concessionaire.

This procurement includes the opportunity to supply heat from the low carbon heat network to: the Council; the other bodies identified in this contract notice; and any Registered Social Landlords with properties in the Granton Waterfront development or surrounding area.

Further details are outlined within the procurement documents.

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Value excluding VAT: £885,040

II.2) Description

II.2.2) Additional CPV code(s)

- 09323000 - District heating
- 45232140 - District-heating mains construction work
- 45232141 - Heating works
- 45251250 - District-heating plant construction work
- 71321200 - Heating-system design services
- 71314310 - Heating engineering services for buildings

II.2.3) Place of performance

NUTS codes

- UKM75 - Edinburgh, City of

II.2.4) Description of the procurement

The City of Edinburgh Council (the Council) is seeking to procure the delivery of a low carbon heat network to serve the Granton Waterfront development and existing buildings in the surrounding area under a concession model. The Council wishes to identify a concessionaire with the most economically advantageous tender to design, build, finance, operate and maintain the low carbon heat network using a two-stage process.

The Granton Waterfront development is anticipated to deliver around 3,500 homes (over 1,000 of them affordable), a primary school, a medical centre and over 9,000m² of commercial space. Around 800 homes and 3,000m² of commercial space are expected to be delivered as part of the first phase of the development. As part of the development and to work towards meeting the target of Edinburgh achieving net zero carbon by 2030, the council wishes to progress the delivery of a heat network that will supply cost-competitive low carbon heat to new and existing households and non-domestic properties throughout Granton Waterfront and the surrounding areas, where deemed viable.

The current preferred solution identified for the low carbon heat network, following feasibility work and outline business case work is to source heat for the network from a wastewater source heat pump utilising heat from sewers. The network would utilise a sewage heat recovery system, with a ground-mounted solar PV array helping meet the system's electricity requirements. The heat would be distributed via a network of approximately 7km (depending on network routing and phasing of connections). The indicative network identified as the preferred option in the outline business case is the maximum potential scheme serving the core Granton Waterfront development plus additional customers to the south, west and east. This preferred option represents an annual heat demand of c.25,055 MWh.

The successful bidder will initially be appointed to work with the Council over a c.8 month period under a Pre-Development contract culminating in a final business case for the project. This approach has been devised as part of the Council's procurement strategy to reduce the burden of tendering as much as possible on tenderers and to encourage collaboration, innovation, risk apportionment, and partnership between the Council and the concessionaire.

Subject to final business case approval, the Council intends to enter into a concession agreement with the successful tenderer to design, build, finance, operate, maintain and supply heat from the heat network. The concession duration is subject to negotiation but is anticipated to be around 40 years. The concession agreement will require heat to be supplied to properties in the Granton Waterfront development with the first properties currently anticipated to be ready for occupation in September 2025. The concessionaire may also be required to incorporate a special purpose vehicle to deliver the heat network in which the Council is allotted a 'golden share' with voting rights attached.

This procurement includes the opportunity to supply heat from the low carbon heat network to: the Council; the other bodies identified in this contract notice; and any Registered Social Landlords with properties in the Granton Waterfront development or surrounding area.

Further details are outlined within the procurement documents.

II.2.5) Award criteria

Quality criterion - Name: Quality / Weighting: 70

Cost criterion - Name: Cost / Weighting: 30

II.2.11) Information about options

Options: Yes

Description of options

The Council anticipates that it will be possible to expand the network to connect more customers in the Granton Waterfront and surrounding areas. Expansion will be the responsibility of the concessionaire. It should be noted that the procurement process is being undertaken specifically for a heat network provider for the Granton Waterfront Development and surrounding areas, however, the Council reserves the right to extend the Agreement to other areas of the City at its sole discretion. This may include pre-development services or expansion of the network and will be discussed with the successful Tenderer only on completion of the pre-development services.

II.2.13) Information about European Union Funds

The procurement is related to a project and/or programme financed by European Union funds: No

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Competitive procedure with negotiation

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

IV.2) Administrative information

IV.2.1) Previous publication concerning this procedure

Notice number: [2023/S 000-013984](#)

Section V. Award of contract

Contract No

CT2931

A contract/lot is awarded: Yes

V.2) Award of contract

V.2.1) Date of conclusion of the contract

23 January 2024

V.2.2) Information about tenders

Number of tenders received: 4

Number of tenders received from SMEs: 4

Number of tenders received from tenderers from other EU Member States: 0

Number of tenders received from tenderers from non-EU Member States: 4

Number of tenders received by electronic means: 4

The contract has been awarded to a group of economic operators: No

V.2.3) Name and address of the contractor

Vattenfall Heat UK

The Tun, 4 Jacksons Entry, Holyrood Road

Edinburgh

EH8 8PJ

Telephone

+44 7970615407

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor is an SME

Yes

V.2.4) Information on value of contract/lot (excluding VAT)

Total value of the contract/lot: £885,040

Section VI. Complementary information

VI.3) Additional information

The contract value specified in this Contract Award Notice is for the delivery of pre-development services which will be completed prior to the concession contract. The fee for these pre-development services is only payable in specific termination scenarios and is not payable if a concession contract is entered into with Vattenfall Heat UK Ltd.

If the pre-development contract services are completed successfully, and final business case approval is obtained for the project, an additional Contract Award Notice will be published in relation to the concession contract.

(SC Ref:761539)

VI.4) Procedures for review

VI.4.1) Review body

Sheriff Court

Sheriff Court House, 27 Chambers Street

EH1 1LB

Country

United Kingdom

VI.4.3) Review procedure

Precise information on deadline(s) for review procedures

A tenderer that suffers loss as a result of a breach of duty under the Public Contracts (Scotland) Regulations 2015 may bring proceedings in the Sheriff Court or the Court of Session. The City of Edinburgh Council (the Council) will have a minimum standstill period of 10 days before awarding the contract. The communication of the award decision notice will be sent by fax or e-mail to all tenderers with the standstill period commencing on the next day. If proceedings are started in the Sheriff Court or the Court of Session against the Council in respect of the decision to award the contract within the standstill period then the Council is prevented from awarding the contract. Post contract award the Sheriff Court or the Court of Session may (1) award damages provided proceedings are brought within 3 months from the date when the grounds for the bringing of the proceedings first arose (2) be entitled to issue an ineffectiveness order or impose a financial penalty on the Council. A claim for an ineffectiveness order must be made within 30 days of the Contract Award Notice being published in the FTS or within 30 days of the date those who expressed an interest in or otherwise bid for the contract were informed of the conclusion of the contract or in any other case within 6 months from the date on which the contract was entered into.