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Opportunity

Worthing Heat Network Project

Worthing Borough Council

F02: Contract notice

Notice reference: 2022/S 000-009645

Published: 11 April 2022, 4:05pm

Section I: Contracting authority

I.1) Name and addresses

Worthing Borough Council

Town Hall, Chapel Road

Worthing

BN11 1HA

Contact

Procurement Department

Email

procurement@adur-worthing.go.uk

Telephone

+44 1903221499

Country

United Kingdom

NUTS code

UKJ27 - West Sussex (South West)

Internet address(es)

Main address

<https://www.adur-worthing.gov.uk/>

I.3) Communication

The procurement documents are available for unrestricted and full direct access, free of charge, at

<https://www.delta-esourcing.com/tenders/UK-UK-Worthing:-Public-utilities./6FTGN2722T>

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

www.delta-esourcing.com

Tenders or requests to participate must be submitted to the above-mentioned address

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

Worthing Heat Network Project

Reference number

682457284

II.1.2) Main CPV code

- 65000000 - Public utilities

II.1.3) Type of contract

Services

II.1.4) Short description

Worthing Borough Council (WBC) is seeking interest and proposals from suitable economic operators for its project to finance, design, build, operate and maintain a heat network in Worthing using a corporate concession model.

The Project is to provide heat to approximately 22 existing buildings in Worthing town centre, including both Worthing Hospital (and satellite buildings) and Splashpoint Leisure Centre and a further five large development sites currently in planning and to assist WBC to meet its declared aim to be carbon neutral by 2030 and to assist Worthing to decarbonise by 2045. Further detail is set out in Section VI.3.

II.1.5) Estimated total value

Value excluding VAT: £250,000,000

II.1.6) Information about lots

This contract is divided into lots: No

II.2) Description

II.2.2) Additional CPV code(s)

- 09323000 - District heating
- 45232140 - District-heating mains construction work
- 45251250 - District-heating plant construction work
- 71321200 - Heating-system design services
- 71322200 - Pipeline-design services
- 65410000 - Operation of a power plant
- 45259000 - Repair and maintenance of plant
- 09300000 - Electricity, heating, solar and nuclear energy
- 71314200 - Energy-management services
- 38551000 - Energy meters
- 39715200 - Heating equipment

II.2.3) Place of performance

NUTS codes

- UKJ27 - West Sussex (South West)

Main site or place of performance

West Sussex (South West)

II.2.4) Description of the procurement

Worthing Borough Council (WBC) is seeking expressions of interest and proposals from suitable economic operators for its project to finance, design, build, operate and maintain a heat network in Worthing (Project). The project will provide heat to approximately 22 existing buildings in Worthing town centre, including both Worthing Hospital (and satellite buildings) and Splashpoint Leisure Centre and a further five large development sites currently in planning and to assist WBC to meet its declared aim to be carbon neutral by 2030 and to assist Worthing to decarbonise by 2045.

Following WBC's successful application for HNIP funding, WBC will be using a corporate concession model to deliver the Project with a concessionaire appointed to deliver (either directly or through its supply chain) all of the assets and infrastructure comprising the network, using a ring-fenced special purpose company. That company will have the right to operate, maintain and further develop the network in perpetuity, subject to complying with the project documents.

For the estimated value of the contract referred to in Section II.1.5 and II.2.6, it is mandatory to insert one figure rather than a range. The figure inserted is the upper end of the estimated value of the contract, which is £50m - £250m. This estimate is based on a number of factors.

The first is WBC's initial assessment of estimated minimum revenue over a 40 year period based on the reference solution which was calculated for the purposes of the HNIP application and taking into account the operational life of the relevant infrastructure. The second is WBC's estimate of potential value of the Project to a tenderer based on the concession structure with the right to operate the concession potentially lasting for an indefinite period and the ability for bidder to develop their own proposals to expand the network in the future and operate it successfully.

Applications to participate in this procurement process should be made by submission of a completed Selection Questionnaire by the deadline set out in section IV.2.2. in accordance with the instructions in the document and the associated Selection Questionnaire Instructions to Bidders.

Further detail on the background and structure of the Project is set out in the procurement documents and in Section VI.3

II.2.5) Award criteria

Price is not the only award criterion and all criteria are stated only in the procurement documents

II.2.6) Estimated value

Value excluding VAT: £250,000,000

II.2.7) Duration of the contract, framework agreement or dynamic purchasing system

Duration in months

480

This contract is subject to renewal

No

II.2.9) Information about the limits on the number of candidates to be invited

Envisaged minimum number: 3

Maximum number: 5

Objective criteria for choosing the limited number of candidates:

The envisaged number of candidates is a minimum number of 3 and a maximum number of 5. The basis on which WBC will select the number of candidates to be invited to the next stage is set out in the Selection Questionnaire Instructions to Bidders.

II.2.10) Information about variants

Variants will be accepted: No

II.2.11) Information about options

Options: No

II.2.13) Information about European Union Funds

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

II.2.14) Additional information

To respond to this opportunity please click here: <https://www.delta-sourcing.com/respond/6FTGN2722T>

Section III. Legal, economic, financial and technical information

III.1) Conditions for participation

III.1.2) Economic and financial standing

Selection criteria as stated in the procurement documents

III.1.3) Technical and professional ability

Selection criteria as stated in the procurement documents

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Competitive dialogue

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: [2021/S 000-002593](#)

IV.2.2) Time limit for receipt of tenders or requests to participate

Date

16 May 2022

Local time

12:00pm

IV.2.3) Estimated date of dispatch of invitations to tender or to participate to selected candidates

14 June 2022

IV.2.4) Languages in which tenders or requests to participate may be submitted

English

Section VI. Complementary information

VI.1) Information about recurrence

This is a recurrent procurement: No

VI.3) Additional information

The contracting authority considers that this contract may be suitable for economic operators that are small or medium enterprises (SMEs). However, any selection of tenderers will be based solely on the criteria set out for the procurement.

Once operational, the proposal is that the network will provide low carbon energy to a variety of customers in the Worthing area, with the intention to allow for further expansion in the future. The identified customers in the first phase are primarily public sector organisations (as listed below) (Phase 1 Customers). The Phase 1 Customers have identified specific energy needs and, in particular, given their technical requirements for low carbon energy and geographical location have chosen to be part of the Project to allow these needs to be met. As result, the Phase 1 Customers will enter into energy supply contracts directly with the energy services company (ESCO) to be established as part of the Project.

WBC is procuring the connection and supply of energy from the new network to approximately 22 buildings in the first phase the Project on behalf of itself and the following other contracting authorities who are Phase 1 Customers:

- University Hospitals Sussex NHS Foundation Trust (Worthing Hospital and satellite buildings)
- West Sussex County Council
- Ministry of Justice/HM Courts & Tribunal Service
- South Downs Leisure Trust
- Worthing Theatres and Museum Trust

Heads of terms and/or letters of intent have been negotiated with each of the Phase 1 Customers in relation to the extent of their respective roles in the Project and the terms of the energy connection and supply arrangements referred to above. Further detail of the status of these arrangements will be made available in the procurement documents.

In addition, the Project will also bulk supply to commercial offtakers as part of the first phase and additional connections have been identified for future phases.

Given the structure of the Project, there are potentially additional offtakers who may seek to meet their connection and/or supply requirements via the new network once it's operational. The above represents the widest potential list of public sector offtakers which WBC is aware at the date of this notice for Phase 1.

Also set out below is a list of other potential public sector offtakers that WBC is also aware of as at the date of this notice. These are the public sector partners identified in the original feasibility study conducted on behalf of WBC:

- Sussex Community NHS Foundation Trust
- Sussex Partnership NHS Foundation Trust
- Worthing Medical Group
- All General Practices within the Borough of Worthing
- Lyndhurst Infant School (maintained school),
- Davison Church of England High School for Girls (Church of England (Diocese of Chichester Education Department) voluntary controlled school)
- Sussex Police
- Environment Agency

If WBC becomes aware of any other potential offtakers (either from the public or private sector) during the procurement process it will notify the tenderers accordingly. The other potential public sector offtakers may include other local authorities; NHS bodies; maintained schools, voluntary aided/controlled schools, academy schools or other education institutions and/or any other contracting authorities based in or operating in the Borough of Worthing and the West Sussex area.

For the purposes of Section II.2.7 (Duration), it is mandatory to enter a figure for contract duration in the template for this notice. The term of 40 years (480 months) has been inserted as this was one of the factors used to calculate the estimated contract value (as set out above). However, as set out in Section II.2.4, the duration of the Project is not time limited, subject to complying with the project documents.

For more information about this opportunity, please visit the Delta eSourcing portal at:

<https://www.delta-esourcing.com/tenders/UK-UK-Worthing:-Public-utilities./6FTGN2722T>

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GO Reference: GO-2022411-PRO-19950898

VI.4) Procedures for review

VI.4.1) Review body

High Court of England & Wales

7 The Rolls Building, Fetter Lane

London

EC4 1LL

Country

United Kingdom

VI.4.3) Review procedure

Precise information on deadline(s) for review procedures

WBC will incorporate a minimum 10 calendar day standstill period at the point the award decision is notified to tenderers. Any communication and/or claims must be made by a tenderer in accordance with the process and timescales set out in the Public Contracts Regulation 2015 (SI 2015 No 102).