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Tender

## **Contract to design, build, operate and maintain the South Kilburn District Heat Network**

The London Borough of Brent

F02: Contract notice

Notice identifier: 2024/S 000-010440

Procurement identifier (OCID): ocds-h6vhtk-042927

Published 28 March 2024, 6:46pm

### **Section I: Contracting authority**

#### **I.1) Name and addresses**

The London Borough of Brent

Brent Civic Centre, Engineers Way, Wembley Park

Wembley

HA9 0FJ

#### **Contact**

Brent Procurement

#### **Email**

[corporate.procurement@brent.gov.uk](mailto:corporate.procurement@brent.gov.uk)

#### **Country**

United Kingdom

#### **Region code**

UKI72 - Brent

**Internet address(es)**

Main address

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

Buyer's address

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

**I.3) Communication**

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

<https://procontract.due-north.com/Advert?advertId=7f1cb94e-89eb-ee11-8127-005056b64545&p=2241eb95-058a-e511-80f7-000c29c9ba21>

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

<https://procontract.due-north.com/Advert?advertId=7f1cb94e-89eb-ee11-8127-005056b64545&p=2241eb95-058a-e511-80f7-000c29c9ba21>

**I.4) Type of the contracting authority**

Regional or local authority

**I.5) Main activity**

General public services

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## Section II: Object

### II.1) Scope of the procurement

#### II.1.1) Title

Contract to design, build, operate and maintain the South Kilburn District Heat Network

Reference number

DN704249

#### II.1.2) Main CPV code

- 45232140 - District-heating mains construction work

#### II.1.3) Type of contract

Works

#### II.1.4) Short description

The London Borough of Brent (the Authority) is issuing a Contract Notice for a district heating network in South Kilburn.

The Council is seeking a contractor to design, build, operate and maintain the 'South Kilburn District Heat Network' (SKDHN) to serve the South Kilburn regeneration area. SKDHN will be fully owned by the Authority. The Authority will own the heat generating plant and distributing network to the heat exchangers. The Initial Works will be followed by the Additional Works as set out in Appendix 2 of the ITPD (Specification) and defined in Clause 1 (Definitions and Interpretation) of the South Kilburn DHN Agreement.

Tenders will be published on the London Tenders Portal (also known as Proactis) and potential suppliers that are interested in tendering are encouraged to register (free of charge) at: <https://www.londontenders.org>

The term of the contract is for an anticipated build period between 2025 and 2032. The term of contract includes fifteen years operation period with the ability for the Authority to extend for an additional period up to 10 years. Following the installation of air source heat pumps (ASHPs), the completed network will supply low carbon heat via a buried network (spine trench length of 2.7 km) and its total annual heat demand is expected to be 20.8 GWh.

The draft terms and conditions related to the contract are included within this procurement documentation. The final contract may include social and/or environmental obligations on

the supplier.

Further information is available at section II.2.4 of this notice and in the procurement documents.

### **II.1.5) Estimated total value**

Value excluding VAT: £36,000,000

### **II.1.6) Information about lots**

This contract is divided into lots: No

## **II.2) Description**

### **II.2.2) Additional CPV code(s)**

- 09300000 - Electricity, heating, solar and nuclear energy
- 38551000 - Energy meters
- 39715200 - Heating equipment
- 45232141 - Heating works
- 45232142 - Heat-transfer station construction work
- 45232220 - Substation construction work
- 45232221 - Transformer substation
- 45251000 - Construction works for power plants and heating plants
- 45251100 - Construction work for power plant
- 45251200 - Heating plant construction work
- 45251250 - District-heating plant construction work
- 45259000 - Repair and maintenance of plant
- 71314200 - Energy-management services

### **II.2.3) Place of performance**

NUTS codes

- UKI72 - Brent

## II.2.4) Description of the procurement

London Borough of Brent (the Authority) is seeking a contractor to design, build, maintain and operate the 'South Kilburn District Heat Network' (SKDHN) to serve the South Kilburn regeneration area. The SKDHN will sell heat to public sector third parties, subject to Public Contracts Regulations 2015 or other procurement legislation as may be in force. SKDHN will be fully owned by the Authority.

Heat will be supplied from an energy centre located in Unity Place, situated on the corner of Cambridge Road and Carlton Vale. The energy centre shall supply heat via a combination of air source heat pumps (ASHPs) on the building roof, with peak and reserve boilers, distribution pumps and thermal storage in the building basement. These ASHPs will provide low carbon and affordable heat to reduce reliance on fossil fuels and will supply heat to ~800 dwellings, a school and multiple commercial buildings.

Additional ASHPs are required as the network expands and are to be located on the roof of the planned Hereford and Exeter building. The network includes a number of planned developments as well as existing buildings.

The Authority is seeking to appoint a suitably qualified and experienced contractor to design, build, operate and maintain the SKDHN via a Design, Build, Operation and Maintenance Contract. The energy centre will be in an existing building that was constructed in circa 2021 as part of a new housing development. The Works shall include the design and fit out of the existing lower basement energy centre and design and installation of rooftop ASHP plant solution, the design and build of the heat network and the heat connections within the connecting buildings, and the operation and maintenance of the completed heat network including metering of customers' demands.

The Contractor is being employed as a competent civils, mechanical, electrical, controls, maintenance, and metering contractor for the Works (it should be noted that heat billing will be conducted in house by the Authority using the metered data collected by the Contractor). The Contractor is required to execute the works to provide a safe, cost-effective, high-quality installation compliant with all prevailing good industry practice, regulations and statutory requirements and in accordance with all tender drawings and specifications. The design, installation and operation of the heat network shall be fully compliant with CP 1 (2020) The Heat Network Code of Practice for the UK and have a carbon intensity of less than 100gr/kWh, which are mandatory requirements, among others, for the grant funding awarded by the Green Heat Network Fund (GHNF) for the project.

The detailed design and specification in relation to the "Initial Works" (Phase 1) is set out in Appendix 2 of the ITPD (Specification). All associated drawings and documents are included within the Procurement Pack.

A summary of works for the Phase 1 SKDHN comprise:

- RIBA 4 design and installation of the heat network energy centre fit out. This energy centre is located within the existing basement plant room in Unity Place.
- RIBA 4 design and installation of externally mounted ASHP plant on the roof of Unity Place, and the roof of Hereford and Exeter
- RIBA 4 design and installation of thermal substations within the connecting buildings, and the design and installation of a buried heat network.
- The operation, maintenance, heat metering services and to provide data to the Authority for monitoring KPIs of network performance and for billing customers.

There is limited information currently available from developers for the buildings to be connected beyond Phase 1. These are Phases 2-4 of the project and detailed further within document S2002-"SEL-ZZ-XX-SP-Z-0001 Main Contractor Scope of Work". The Contract will include a procedure for agreeing the detail in relation to any works required following the Initial Works (Additional Works). Any references to "phases" contained in the documents provided to Bidders is for convenience only and does not represent the structure of the Project; these references should be interpreted in line with the above i.e. Initial Works and Additional Works, as set out in the Contract.

For the purposes of: (a) evaluating the price of this Project; and (b) providing the Council with greater cost certainty, a set of assumptions regarding matters such as the number, type and timing of extensions / connections (Assumptions) have been developed for Phases 2-4. The Assumptions include a network pipe schedule, a list of connecting buildings with corresponding substation sizes, connecting pipe lengths and connection dates, and additional ASHP plant capacity. It should be noted that the connection timings for specific buildings shown as falling within the individual Phases 2, 3, and 4 are indicative only and based on high level information. The actual date that each of these buildings will connect may change, but all connections shown in Phases 2, 3, and 4 are expected to connect within the overall timeline for Phases 2-4 (and not a future Phase 5 or beyond).

In respect of Bidders' pricing submissions, Bidders will be asked to submit:

1. a fixed price in respect of the Initial Works (including detailed breakdown);
2. a fixed price for some elements of the Additional Works based on the Assumptions (Core Items);
3. a fixed price for Services in relation to both the Initial Works and Additional Works; and

4. a schedule of rates (Schedule of Rates) for various items at day one prices. These rates should be those used by Bidders to arrive at the price submitted for the Initial Works and will be added to the Contract for use as a reference for:

- a. pricing in relation to any Additional Works where there is not currently sufficient certainty regarding the nature of the works (Non-Core Items);
- b. pricing in relation to any Core Items where the Assumptions are incorrect at the time of draw down; and
- c. pricing in relation to the Change Control procedure set out within the Contract.

Provisional costs, in nominal terms, based on a percentage of the total estimated Works costs for Phases 2-4 (Provisional Costs) have been included in the Pricing Schedule to account for the Non-Core Items of the Additional Works; this is to allow the Council to understand the potential total costs and budgetary implications of this Project. The Provisional Costs will form part of the price evaluated by the Council and will be applied equally across all Final Tenders. Further information is provided in the ITPD and Pricing schedule.

The Procurement Pack provides sufficient detail for Bidders to submit fixed prices for the Core Items based on the Assumptions. In respect of any Core Items forming part of any Additional Work: (a) where the Assumptions prove to be correct at the time of draw down, the Contractor will be held to the price submitted as part of its Final Tender; and (b) where the Assumptions prove to be incorrect at the time of draw down, the Contractor will be required to propose a revised price by reference to any deviations from the Assumptions and based on the Schedule of Rates. Any Non-Core Items will be priced based on the Schedule of Rates (to the extent possible).

The fixed prices submitted and the Schedule of Rates will be indexed at the time of draw down using indices appropriate for this purpose, as specified in the Contract.

#### **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: £36,000,000

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

Duration in months

300

This contract is subject to renewal

No

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

Envisaged number of candidates: 4

**II.2.10) Information about variants**

Variants will be accepted: No

**II.2.11) Information about options**

Options: Yes

Description of options

Up to 10 years

**II.2.13) Information about European Union Funds**

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

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## **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**

Minimum level(s) of standards possibly required

Pass/fail criteria are set out in the Selection Questionnaire documents and appendices included in this procurement documentation.

A response of 'Yes' to any of the following questions will result in a fail.

- Question 2, 3, 4 or 7.2 of the Selection Questionnaire
- Question 2 Exclusion Grounds for Mandatory Exclusion (Corruption, Money Laundering/Terrorist Financing, Child Labour, Conviction not including Self-Cleaning).
- Question 3 Mandatory and discretionary grounds relating to the payment of taxes and social security contributions.
- Question 4 Grounds for Discretionary Exclusion (Breach of Environmental, Legal, Labour Obligations, Bankruptcy, Grave Professional Misconduct, Distortion of Competition, Conflict of Interest)
- Question 7.2 Sustainability Accreditation, an Environmental Management System (EMS) and/or ISO 14001 accreditation (or equivalent) Assessment/policy

## **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: [2023/S 000-037663](#)

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

Date

2 May 2024

Local time

1:00pm

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

English

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## **Section VI. Complementary information**

### **VI.1) Information about recurrence**

This is a recurrent procurement: No

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

High Court of England & Wales

7 The Rolls Building, Fetter Lane

London

EC4A 1NL

Country

United Kingdom

#### **VI.4.3) Review procedure**

Precise information on deadline(s) for review procedures

The contracting authority will operate a minimum 10 calendar day standstill period at the point information on the award of the contract is communicated to tenderers to provide time for unsuccessful tenderers to challenge the award decision before the contract is entered into. Unsuccessful tenderers shall be notified by the contracting authority as soon as possible after the decision is made as to the reasons why they were unsuccessful. The Public Contracts Regulations 2015 provide that aggrieved parties who have been harmed, or are at risk of harm, by breach of the rules are to take action in the High Court (England, Wales and Northern Ireland).