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Tender

## **Heat Network Opportunity at Granton Waterfront, Edinburgh**

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

F02: Contract notice

Notice identifier: 2023/S 000-013984

Procurement identifier (OCID): ocids-h6vhtk-03985a

Published 17 May 2023, 8:47am

### **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](mailto: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](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](mailto: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](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](mailto: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](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](mailto: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](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](mailto: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](https://www.publiccontractsscotland.gov.uk/search/Search_AuthProfile.aspx?ID=AA00326)

**I.2) Information about joint procurement**

The contract involves joint procurement

**I.3) Communication**

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

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

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

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

#### **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**

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.1.5) Estimated total value**

Value excluding VAT: £200,000,000

### **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
- 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 9,000m<sup>2</sup> of commercial space. Around 800 homes and 3,000m<sup>2</sup> 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.2.6) Estimated value**

Value excluding VAT: £200,000,000

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

Duration in months

488

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

Objective criteria for choosing the limited number of candidates:

Please see procurement documents

**II.2.10) Information about variants**

Variants will be accepted: No

**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

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## **Section III. Legal, economic, financial and technical information**

### **III.1) Conditions for participation**

#### **III.1.1) Suitability to pursue the professional activity, including requirements relating to enrolment on professional or trade registers**

List and brief description of conditions

Please see procurement documents.

#### **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

### **III.2) Conditions related to the contract**

#### **III.2.2) Contract performance conditions**

Please see procurement documents.

#### **III.2.3) Information about staff responsible for the performance of the contract**

Obligation to indicate the names and professional qualifications of the staff assigned to performing the contract

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## **Section IV. Procedure**

### **IV.1) Description**

#### **IV.1.1) Type of procedure**

Competitive procedure with negotiation

#### **IV.1.4) Information about reduction of the number of solutions or tenders during negotiation or dialogue**

Recourse to staged procedure to gradually reduce the number of solutions to be discussed or tenders to be negotiated

#### **IV.1.5) Information about negotiation**

The contracting authority reserves the right to award the contract on the basis of the initial tenders without conducting negotiations

#### **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 000-001480](#)

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

Date

19 June 2023

Local time

12:00pm

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

3 July 2023

#### **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.3) Additional information**

The contract value specified in this contract notice is the Council's best assessment of the total revenues based on today's prices from the initial heat network over a 40 year

concession period. This value will increase if the heat network is extended by the concessionaire as envisaged in the concession agreement.

The Council will undertake the financial evaluation on the Candidate and any key sub-contractor based on the value of the works/services which they are responsible for delivering.

Candidates are also asked to confirm that they will pay staff that are involved in the delivery of services under the contract, at least the real Living Wage.

Candidates who do not pass these questions will not be subject to Commercial Analysis. As a result the tender will not be considered further.

Candidates must complete the SPD (Scotland) to demonstrate adherence to the Exclusion and Selection Criteria for this procurement.

It is a mandatory requirement of this Contract that a prompt payment clause is present in all supply chain Contracts used in the delivery of the requirements. This ensures payment of sub-contractors at all stages of the supply chain within 30 days and includes an obligation to provide a point of contact for sub-contractors to refer to in the case of payment difficulties. This will require active monitoring of payment performance as well as the provision of evidence and reports to the Council as contractually scheduled.

NOTE: To register your interest in this notice and obtain any additional information please visit the Public Contracts Scotland Web Site at

[https://www.publiccontractsscotland.gov.uk/Search/Search\\_Switch.aspx?ID=732198](https://www.publiccontractsscotland.gov.uk/Search/Search_Switch.aspx?ID=732198).

The buyer has indicated that it will accept electronic responses to this notice via the Postbox facility. A user guide is available at

[https://www.publiccontractsscotland.gov.uk/sitehelp/help\\_guides.aspx](https://www.publiccontractsscotland.gov.uk/sitehelp/help_guides.aspx).

Suppliers are advised to allow adequate time for uploading documents and to dispatch the electronic response well in advance of the closing time to avoid any last minute problems.

A sub-contract clause has been included in this contract. For more information see:

<http://www.publiccontractsscotland.gov.uk/info/InfoCentre.aspx?ID=2363>

Community benefits are included in this requirement. For more information see:

<https://www.gov.scot/policies/public-sector-procurement/community-benefits-in-procurement/>

A summary of the expected community benefits has been provided as follows:

Community benefits are included in this requirement. For more information see:

<https://www.gov.scot/policies/public-sector-procurement/community-benefits-in-procurement/>

A summary of the expected community benefits will be identified within the invitation to tender documentation.

(SC Ref:732198)

## **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.