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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): ocds-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

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.3) Communication

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

www.publiccontractsscotland.gov.uk

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

www.publiccontractsscotland.gov.uk

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.1.5) 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 9,000m² 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.2.6) 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

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

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

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.

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.

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.