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Tender

Innovative Partnership to supply geothermal energy in the form of hot water to a number of NHS Trusts (Lots)

SALISBURY NHS FOUNDATION TRUST in partnership with Carbon and Energy Fund

F02: Contract notice

Notice identifier: 2022/S 000-028350

Procurement identifier (OCID): ocids-h6vhtk-037437

Published 10 October 2022, 9:04am

Section I: Contracting authority

I.1) Name and addresses

SALISBURY NHS FOUNDATION TRUST in partnership with Carbon and Energy Fund

Salisbury Managed Procurement Services

Salisbury

SP2 8BJ

Contact

Simon Dennis

Email

simon.dennis@nhs.net

Country

United Kingdom

Region code

UK - United Kingdom

NHS Organisation Data Service

RNZ

Internet address(es)

Main address

https://nhs.bravosolution.co.uk/nhs_collaborative/web/login.html

Buyer's address

https://nhs.bravosolution.co.uk/nhs_collaborative/web/login.html

I.2) Information about joint procurement

The contract is awarded by a central purchasing body

I.3) Communication

Access to the procurement documents is restricted. Further information can be obtained at

https://nhs.bravosolution.co.uk/nhs_collaborative/web/login.html

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

https://nhs.bravosolution.co.uk/nhs_collaborative/web/login.html

I.4) Type of the contracting authority

Body governed by public law

I.5) Main activity

Health

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Innovative Partnership to supply geothermal energy in the form of hot water to a number of NHS Trusts (Lots)

Reference number

F/023/CEF/17/IB

II.1.2) Main CPV code

- 45250000 - Construction works for plants, mining and manufacturing and for buildings relating to the oil and gas industry

II.1.3) Type of contract

Works

II.1.4) Short description

This procurement seeks to establish an innovation partnership (comprised of a number of LOTS) for capable suppliers to provide geothermal energy in the form of warm water to a number of NHS Trust hospital sites in the UK (each a LOT). One innovation partnership agreement, with one supplier, will be entered into for each LOT

Should the innovation partnership agreement for a LOT be successful then the parties will seek to enter a long term energy services agreement offering cost effective low temperature hot water supplies based on a minimum take and unit energy price related to the kWh heat consumed by the hospital. The ITT financial model shows how this would be calculated and the relationship between the energy price and the base year gas price.

Annual indexation of the heat price will be permitted at a rate not exceeding CPI, and overall economic evaluation will include the investment required and will be expected reduce the site carbon footprint and be competitive with the overall cost of heating the hospital from traditional sources, after including pumping costs or heatpump running costs

It is expected that the Partnership will progress over a number of stages, at each of which the viability of the project will be reconsidered.

Full access to some contract documents is contingent on the receipt by the Contracting

Authority of a signed non-disclosure agreement (refer to the ITT for details). Early application is recommended to allow time to meet the response deadline.

Several of the LOTS are subject to Salix grant timetables. Requests to participate must be submitted by Friday 11th November 2022 at 14h00, all parties who meet the prerequisites set out in Schedule C of the ITP will then be invited to participate in the process, with no down-selection of qualifying parties. Those qualifying parties will be invited to submit a tender by Friday 18th November 2022. The ITT, and associated documents required in order to prepare a tender will be available immediately to all parties requesting to participate on receipt of a signed non-disclosure agreement (as described above), prior to the issuing of invitations to tender.

II.1.5) Estimated total value

Value excluding VAT: £150,000,000

II.1.6) Information about lots

This contract is divided into lots: Yes

Tenders may be submitted for all lots

Maximum number of lots that may be awarded to one tenderer: 6

II.2) Description

II.2.1) Title

University Hospital Southampton - Southampton Hospital site

Lot No

1

II.2.2) Additional CPV code(s)

- 45200000 - Works for complete or part construction and civil engineering work

II.2.3) Place of performance

NUTS codes

- UKJ - South East (England)

II.2.4) Description of the procurement

The Salisbury NHS Foundation Trust (SNFT) and its partner the Carbon and Energy Fund Ltd (CEF) seek to procure an innovation partnership made up of multiple LOTS, one for each site listed in this procurement,

Potential bidders are subject to prerequisites which are listed in Schedule C of the ITP[1] and bidders should satisfy themselves that they comply with the prerequisites before preparing their tender. Parties who do meet these prerequisites will be invited to submit a tender. Parties who do not meet these prerequisites will be excluded from the process.

Bidders may tender for 1 or multiple LOTS and each LOT will be awarded separately, each to 1 bidder. A bidder may win all, some or none of the LOTS for which they tender depending on the strength of their proposals in regard of each LOT. Bidders are expected to say which LOTS they wish to be considered for, and to provide a LOT specific submission for each LOT. The ITT explains what is required to make up a compliant bid for each LOT and how bids will be evaluated, and include the financial model to be used for each LOT

Partners are to be prepared to work with any mix of three funding streams on a LOT by LOT basis, which are:

- Trust funding including Salix or other grants that the Trust may obtain
- Carbon and Energy fund finance, which the CEF may procure in a funding competition with the Trust
- Contractor funding in the form of debt, working capital, equity or grant funding

The Innovation Partnership is expected to work through a number of phases

1. Phase 1 - requests to participate in response to this Contract Notice, including the information for qualitative selection which is requested in Schedule C of the ITP. Potential bidders who meet the prerequisites set out in Schedule C will be invited to participate in Phase 2.

2. Phase 2 - bids are to be submitted by Wednesday 7th December 2022 at 14:00 BST in response to the ITT, which will be scored to produce a partner for each LOT. Phase 2 is expected to be completed for January 2023, so that LOTS attracting Salix funding can prepare to meet Salix timescales

3. Phase 3 - feasibility process, parties will obtain all consents and planning. This will culminate in the contractor offering the Trust a heads of terms agreement for the proposed Energy Services Contract. The project will be re-evaluated at this point and can be terminated if no longer viable. Phase 3 is expected to conclude in 12 months

4. Phase 4 - the contractor will carry out investigation and detailed due diligence. This phase will result in a firm Energy Services Contract proposal to the Trust. This will be re-evaluated and if acceptable to the Trust the project will progress to Phase 5

5. Phase 5 - the contractor will drill, making good and construct the well head plant room and pumping circuits ready for the Trust to integrate into their heating system. When proven the Trust will enter into the Energy Services contract to take heat from practical completion of the entire project (i.e. when the hospital and geothermal systems are connected and commissioned) This phase is expected to take 2 years.

Energy Services Contracts for each LOT are expected to last until 2050, and may be extended, even up until the lifetime of the well, without further procurement, subject to the same review procedure as for the 7 year Energy Services Contract review, as is to be detailed clearly, precisely and unequivocally in the review clauses in the contractual documents. Reviews will be every 7 years, or when renewal is considered. In the review, the partner and Trust are required to review the Energy Services Contract financial model and minimum energy take. Such review may lead to a further investment, a change in the minimum take or the price of energy, but in no case will the financial repayment element or partners profit be reduced.

The Trust will make sufficient land available as best it can for drilling activities, including park and ride arrangements where hospital parking is sufficiently compromised. At the end of drilling the partner will restore the site to original condition with a small and well constructed well head building for pumping, recycling and interfacing with the Trusts systems.

The partner is expected to maintain the well and pumping plant and maintain the output (temperature and flow) as part of the service. It is expected that during the life of the geothermal well, that the Trust will increasingly look to use lower temperature heating for its buildings. The partner is expected to work with the Carbon and Energy Fund and Trust, from time to time, to optimise the system to meet the evolving needs of the Trust. The procurement allows future investment, adding or expanding wells or other changes to improve the scheme through its lifetime

It is a requirement of this procurement that Trusts become members of the Carbon and Energy fund in order to use the procurement, as the CEF is a membership organisation. Trusts will be contracted through their membership agreements with the CEF, and bidders through the innovation partnership agreement. Should the Innovation Partner offer the Trust an acceptable financial model the Trust and partner will sign an Energy Services service agreement, which is likely to subject to the terms of a wider site based CEF agreement. This is likely to be with a separate framework contractor, contracted to provide infrastructure improvements on site including the integration of the geothermal installation into the infrastructure of the hospital

Geothermal installations are required to include instrumentation to allow the CEF to monitor flows, temperatures, recycling and energy delivered. Installations are also expected to make use of recycling arrangements to save energy at times when the return temperatures are wastefully high, which the CEF need to be able to monitor. All metering is to provide half hour values and sent automatically to the CEF data monitoring system, and the monitored data will be used to verify performance and reconcile payments on a quarterly and annual basis, as well as the 7 year reviews or contract extensions.

At any time during the life of the contract bidders may offer or be asked to scope up improvements to their services that have financial, carbon or other benefits to the Authority. The Authority will, at the appropriate time, make an evaluation as to whether its requirements are best served by conducting a further procurement exercise or alternatively to use the flexibilities built into this procurement so as to proceed with its existing partners

Partners will work on site under licenses except where financial arrangements or exclusivity of access require a lease structure.

The Innovation sought under this procurement relates to the ability to design and implement systems that extract geothermal energy from the earth, whilst managing the risks associated with the unknown ground conditions.

Any intellectual property rights created in the course of this Innovation Partnership will remain the property of the relevant contractor.

[Intellectual property rights belonging to a contractor before the commencement of the project ("Background IPR") will remain the property of the contractor. Background IPR which is reasonably required to make use of Foreground IPR (as defined below) will be licensed to CEF and the Trust to allow their use of the Foreground IPR for the duration of the Project.

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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: £25,000,000

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

Duration in months

48

This contract is subject to renewal

No

II.2.10) Information about variants

Variants will be accepted: Yes

II.2.11) Information about options

Options: No

II.2) Description

II.2.1) Title

Salisbury NHS Foundation Trust - Salisbury Hospital site

Lot No

2

II.2.2) Additional CPV code(s)

- 45200000 - Works for complete or part construction and civil engineering work

II.2.3) Place of performance

NUTS codes

- UKK - South West (England)

II.2.4) Description of the procurement

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

Duration in months

48

This contract is subject to renewal

No

II.2.10) Information about variants

Variants will be accepted: Yes

II.2.11) Information about options

Options: No

II.2) Description

II.2.1) Title

Lancashire Teaching Hospitals NHS Foundation Trust

Lot No

3

II.2.2) Additional CPV code(s)

- 45200000 - Works for complete or part construction and civil engineering work

II.2.3) Place of performance

NUTS codes

- UKD - North West (England)

II.2.4) Description of the procurement

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II.2.5) Award criteria

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

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

Duration in months

48

This contract is subject to renewal

No

II.2.10) Information about variants

Variants will be accepted: Yes

II.2.11) Information about options

Options: No

II.2) Description

II.2.1) Title

East Sussex Healthcare NHS Trust - Eastbourne District Hospital site

Lot No

4

II.2.2) Additional CPV code(s)

- 45200000 - Works for complete or part construction and civil engineering work

II.2.3) Place of performance

NUTS codes

- UKJ - South East (England)

II.2.4) Description of the procurement

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II.2.10) Information about variants

Variants will be accepted: Yes

II.2.11) Information about options

Options: No

II.2) Description

II.2.1) Title

Manchester University NHS Foundation Trust

Lot No

5

II.2.2) Additional CPV code(s)

- 45200000 - Works for complete or part construction and civil engineering work

II.2.3) Place of performance

NUTS codes

- UKD - North West (England)

II.2.4) Description of the procurement

The Salisbury NHS Foundation Trust (SNFT) and its partner the Carbon and Energy Fund Ltd (CEF) seek to procure an innovation partnership made up of multiple LOTS, one for each site listed in this procurement,

Potential bidders are subject to prerequisites which are listed in Schedule C of the ITP[I] and bidders should satisfy themselves that they comply with the prerequisites before preparing their tender. Parties who do meet these prerequisites will be invited to submit a tender. Parties who do not meet these prerequisites will be excluded from the process.

Bidders may tender for 1 or multiple LOTS and each LOT will be awarded separately, each to 1 bidder. A bidder may win all, some or none of the LOTS for which they tender depending on the strength of their proposals in regard of each LOT. Bidders are expected to say which LOTS they wish to be considered for, and to provide a LOT specific submission for each LOT. The ITT explains what is required to make up a compliant bid for each LOT and how bids will be evaluated, and include the financial model to be used for each LOT

Partners are to be prepared to work with any mix of three funding streams on a LOT by LOT basis, which are:

- Trust funding including Salix or other grants that the Trust may obtain
- Carbon and Energy fund finance, which the CEF may procure in a funding competition with the Trust
- Contractor funding in the form of debt, working capital, equity or grant funding

The Innovation Partnership is expected to work through a number of phases

1. Phase 1 - requests to participate in response to this Contract Notice, including the information for qualitative selection which is requested in Schedule C of the ITP. Potential bidders who meet the prerequisites set out in Schedule C will be invited to participate in Phase 2.

2. Phase 2 - bids are to be submitted by Wednesday 7th December 2022 at 14:00 BST in response to the ITT, which will be scored to produce a partner for each LOT. Phase 2 is expected to be completed for January 2023, so that LOTS attracting Salix funding can

prepare to meet Salix timescales

3. Phase 3 - feasibility process, parties will obtain all consents and planning. This will culminate in the contractor offering the Trust a heads of terms agreement for the proposed Energy Services Contract. The project will be re-evaluated at this point and can be terminated if no longer viable. Phase 3 is expected to conclude in 12 months

4. Phase 4 - the contractor will carry out investigation and detailed due diligence. This phase will result in a firm Energy Services Contract proposal to the Trust. This will be re-evaluated and if acceptable to the Trust the project will progress to Phase 5

5. Phase 5 - the contractor will drill, making good and construct the well head plant room and pumping circuits ready for the Trust to integrate into their heating system. When proven the Trust will enter into the Energy Services contract to take heat from practical completion of the entire project (i.e. when the hospital and geothermal systems are connected and commissioned) This phase is expected to take 2 years.

Energy Services Contracts for each LOT are expected to last until 2050, and may be extended, even up until the lifetime of the well, without further procurement, subject to the same review procedure as for the 7 year Energy Services Contract review, as is to be detailed clearly, precisely and unequivocally in the review clauses in the contractual documents. Reviews will be every 7 years, or when renewal is considered. In the review, the partner and Trust are required to review the Energy Services Contract financial model and minimum energy take. Such review may lead to a further investment, a change in the minimum take or the price of energy, but in no case will the financial repayment element or partners profit be reduced.

The Trust will make sufficient land available as best it can for drilling activities, including park and ride arrangements where hospital parking is sufficiently compromised. At the end of drilling the partner will restore the site to original condition with a small and well constructed well head building for pumping, recycling and interfacing with the Trusts systems.

The partner is expected to maintain the well and pumping plant and maintain the output (temperature and flow) as part of the service. It is expected that during the life of the geothermal well, that the Trust will increasingly look to use lower temperature heating for its buildings. The partner is expected to work with the Carbon and Energy Fund and Trust, from time to time, to optimise the system to meet the evolving needs of the Trust. The procurement allows future investment, adding or expanding wells or other changes to improve the scheme through its lifetime

It is a requirement of this procurement that Trusts become members of the Carbon and Energy fund in order to use the procurement, as the CEF is a membership organisation. Trusts will be contracted through their membership agreements with the CEF, and bidders

through the innovation partnership agreement. Should the Innovation Partner offer the Trust an acceptable financial model the Trust and partner will sign an Energy Services service agreement, which is likely to be subject to the terms of a wider site based CEF agreement. This is likely to be with a separate framework contractor, contracted to provide infrastructure improvements on site including the integration of the geothermal installation into the infrastructure of the hospital

Geothermal installations are required to include instrumentation to allow the CEF to monitor flows, temperatures, recycling and energy delivered. Installations are also expected to make use of recycling arrangements to save energy at times when the return temperatures are wastefully high, which the CEF need to be able to monitor. All metering is to provide half hour values and sent automatically to the CEF data monitoring system, and the monitored data will be used to verify performance and reconcile payments on a quarterly and annual basis, as well as the 7 year reviews or contract extensions.

At any time during the life of the contract bidders may offer or be asked to scope up improvements to their services that have financial, carbon or other benefits to the Authority. The Authority will, at the appropriate time, make an evaluation as to whether its requirements are best served by conducting a further procurement exercise or alternatively to use the flexibilities built into this procurement so as to proceed with its existing partners

Partners will work on site under licenses except where financial arrangements or exclusivity of access require a lease structure.

The Innovation sought under this procurement relates to the ability to design and implement systems that extract geothermal energy from the earth, whilst managing the risks associated with the unknown ground conditions.

Any intellectual property rights created in the course of this Innovation Partnership will remain the property of the relevant contractor.

[Intellectual property rights belonging to a contractor before the commencement of the project ("Background IPR") will remain the property of the contractor. Background IPR which is reasonably required to make use of Foreground IPR (as defined below) will be licensed to CEF and the Trust to allow their use of the Foreground IPR for the duration of the Project.

Intellectual property rights that arise or are obtained or developed in the course of or in connection with the project ("Foreground IPR") will remain the property of the contractor, subject to a licence to be granted in favour of CEF and the Trust to allow their use of the same for the duration of the project.]

II.2.5) Award criteria

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

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

Duration in months

48

This contract is subject to renewal

No

II.2.10) Information about variants

Variants will be accepted: Yes

II.2.11) Information about options

Options: No

II.2) Description

II.2.1) Title

Lot No

6

II.2.2) Additional CPV code(s)

- 45200000 - Works for complete or part construction and civil engineering work

II.2.3) Place of performance

NUTS codes

- UK - United Kingdom

II.2.4) Description of the procurement

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Potential bidders are subject to prerequisites which are listed in Schedule C of the ITP[I]

and bidders should satisfy themselves that they comply with the prerequisites before preparing their tender. Parties who do meet these prerequisites will be invited to submit a tender. Parties who do not meet these prerequisites will be excluded from the process.

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II.2.5) Award criteria

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

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

Duration in months

48

This contract is subject to renewal

No

II.2.10) Information about variants

Variants will be accepted: Yes

II.2.11) Information about options

Options: 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

Selection criteria as stated in the 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.2.3) 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

Innovation partnership

IV.1.3) Information about a framework agreement or a dynamic purchasing system

The procurement involves the establishment of a framework agreement

Framework agreement with several operators

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

The procurement is covered by the Government Procurement Agreement: Yes

IV.2) Administrative information

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

Date

18 November 2022

Local time

12:00pm

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

English

IV.2.6) Minimum time frame during which the tenderer must maintain the tender

Duration in months: 48 (from the date stated for receipt of tender)

Section VI. Complementary information

VI.1) Information about recurrence

This is a recurrent procurement: No

VI.3) Additional information

Potential bidders should satisfy themselves that they fully understand the procurement prerequisites as defined in Schedule C of the ITP which will be released to bidders as soon as they express an interest in the procurement.

Bidders must return a signed non-disclosure agreement (contained in Schedule H non-disclosure Agreement of the ITT) to view the terms and conditions that will apply to LOTS under the procurement. Bidders are advised to ensure that they return their signed non-disclosure agreement at the earliest opportunity. The procuring authority accepts no liability for any Bidders' failure to be aware of the terms and conditions that will apply to any LOT awarded under the proposed Framework due to non-return of a signed non-disclosure agreement.

The ITT, and associated documents, are available in advance of the date on which bidders meeting the prerequisites outlined in Schedule C of the ITP will be invited to submit tenders.

VI.4) Procedures for review

VI.4.1) Review body

The High Court, England & Wales

Royal Courts of Justice

London

Country

United Kingdom

VI.4.3) Review procedure

Precise information on deadline(s) for review procedures

Precise information on deadline(s) for review procedures:

The Salisbury NHS Foundation Trust will incorporate a standstill period at the point information on the award of the contract is communicated to tenderers. That notification will provide full information on the award decision. The standstill period, which will be for 14 calendar days, provides time for unsuccessful tenderers to challenge the award decision before the contract is entered into. The Public Contracts Regulations 2015 (SI 2006 No 5) provide for aggrieved parties who have been harmed or are at risk of harm by a breach of the rules to take action in the High Court (England, Wales and Northern Ireland).