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Tender

## **Shawfair District Heating Network – Secondary Pipework Design and Installation**

Midlothian Energy Limited (MEL)

F05: Contract notice – utilities

Notice identifier: 2021/S 000-029535

Procurement identifier (OCID): ocds-h6vhtk-02face

Published 29 November 2021, 9:05am

### **Section I: Contracting entity**

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

Midlothian Energy Limited (MEL)

The Tun Building, 4 Jackson's Entry, Holyrood Road

Edinburgh

EH8 8PJ

#### **Email**

[alistair.ngyou@vattenfall.com](mailto:alistair.ngyou@vattenfall.com)

#### **Country**

United Kingdom

#### **NUTS code**

UKM73 - East Lothian and Midlothian

#### **Internet address(es)**

Main address

<https://heat.vattenfall.co.uk/>

Buyer's address

[https://www.publiccontractsscotland.gov.uk/search/Search\\_AuthProfile.aspx?ID=AA30527](https://www.publiccontractsscotland.gov.uk/search/Search_AuthProfile.aspx?ID=AA30527)

### **I.3) Communication**

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

<https://heat.vattenfall.co.uk/shawfair-secondary-on-plot-contract-notice>

Additional information can be obtained from the above-mentioned address

Tenders or requests to participate must be submitted electronically via

<https://heat.vattenfall.co.uk/shawfair-secondary-on-plot-contract-notice>

### **I.6) Main activity**

Production, transport and distribution of gas and heat

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## **Section II: Object**

### **II.1) Scope of the procurement**

#### **II.1.1) Title**

Shawfair District Heating Network – Secondary Pipework Design and Installation

#### **II.1.2) Main CPV code**

- 45232140 - District-heating mains construction work

#### **II.1.3) Type of contract**

Works

#### **II.1.4) Short description**

MEL is seeking to procure a suitably experienced company or companies under a Framework Contract (the Contract) to lead the successful design and construction of the on plot district heating systems within the Shawfair area in Midlothian, Scotland. The works for the heat network development will consist of the construction of polymer based district heating networks within the boundary of property development sites over a period of up to eight years, to service residential (and potentially commercial) development units. This will be via a local heat substation or point of connection up to and potentially including the installation of the risers, laterals and Heat Interface Units (HIU) and associated internal infrastructure at or within new buildings. Under the Contract, MEL anticipates connecting approximately three hundred and fifty units per year for over the eight year period, although the number of units instructed under the Contract may be less and will vary year to year depending upon the development programme.

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

Value excluding VAT: £14,500,000

#### **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
- 09323000 - District heating
- 38551000 - Energy meters
- 44163120 - Distance-heating pipes
- 45000000 - Construction work
- 45232140 - District-heating mains construction work
- 45251000 - Construction works for power plants and heating plants
- 71311000 - Civil engineering consultancy services
- 71314000 - Energy and related services
- 71314310 - Heating engineering services for buildings
- 71700000 - Monitoring and control services

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

NUTS codes

- UKM73 - East Lothian and Midlothian

Main site or place of performance

Shawfair

### **II.2.4) Description of the procurement**

Shawfair is a new mixed use residential and commercial development in Midlothian, Scotland. A local Energy from waste plant (EfW) has been identified as the primary source of heat for a district heat network to serve the development area.

This project aims to connect the primary District Heating Network (DHN) to an energy centre, which will then supply heat from the EfW to local heat substations or connection points to residential and potentially commercial development sites in and around the Shawfair area. The design and build works relating to the primary DHN and the energy centre are being procured under a separate contract notice.

The heat is to be transported via a polymer based pipe from points of connection (valve set at the boundary of the development plot, or heat substation) to an estimated 2900 properties (proposed Shawfair Town development). The development is at present anticipated to be split into 10 to 15 separate development areas, each of which may contain a number of discrete plots. The project is new build.

MEL's intention is to appoint a single contractor under the Contract. However MEL reserves the right to appoint more than one contractor.

It is anticipated that the scope for each call off under the Contract will be instructed on a site by site basis and will include (but is not limited to) design and build of the polymer based pipe secondary DHN from a point of connection at the boundary of the development area up to and potentially within each building, including:

- Design (RIBA 2 – RIBA 6 requirements) and CDM compliance (Contractor and Designer roles).
- Supply and installation of polymer based pre-insulated pipe DHN within preformed trenches.
- Supply and installation of risers within property to the heat interface unit (HIU).
- Supply and installation of Automated Meter Reading (AMR) system field devices as

specified by MEL (responsibility for procurement of field devices will be confirmed within the negotiation procedure).

- Pressure testing and commissioning including flushing, first fill, and balancing.
- Provision of all manuals, certification and training compliant with practical completion, Operations and Maintenance Manual and Health and Safety file.

The scope may also include the installation & supply of risers and laterals, HIU and Heat Meter (MID004 class 2 compliant).

All works shall comply with the technical specification issued by MEL, original equipment manufacturer (OEM) installation requirements, statutory requirements and good industry practice.

The Contract will contain options for MEL to instruct the successful contractor to price and carry out the design and build of secondary network extensions to new customers in or around the Shawfair area beyond the initial scope listed.

MEL reserves the right to benchmark the price of any additional works under a separate contract notice and potentially award those works to others.

#### **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: £14,500,000

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

Duration in months

96

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: 6

Objective criteria for choosing the limited number of candidates:

Following a prequalification process, a shortlist of participants will be invited to participate in the invitation to negotiate (ITN) process. The intention is that the candidates that comply with all the Exclusion Criteria and with the 6 highest scores will be invited to participate in the ITN process. MEL reserves the right to invite less candidates than the envisaged number of candidates listed above should less than 6 candidates meet the Exclusion Criteria in the prequalification document instructions or should MEL receive less than 6 responses. The objective criteria for choosing the shortlisted candidates are set out in the prequalification document instructions which can be accessed as described in section I.3.

#### **II.2.10) Information about variants**

Variants will be accepted: No

#### **II.2.11) Information about options**

Options: Yes

Description of options

The Contract will contain options for MEL to instruct the successful contractor to price and carry out the design and build of secondary network extensions to new customers in or around the Shawfair area beyond the initial scope listed.

#### **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**

List and brief description of selection criteria

Minimum Turnover

Dun & Bradstreet Ratios

Insurance

Minimum level(s) of standards possibly required

Bidders will be required to have a yearly turnover of a minimum of 3.6M GBP for each of the last 3 years, and provide 3 year's audited financial statements

Where, for any valid reason, the bidder does not have 3 year's audited financial statements available, MEL may accept other forms of documentation which it considers acceptable as proof and the bidder should submit such proof with their response.

Where bidders cannot demonstrate a yearly turnover of a minimum of 3.6m GBP for each of the last 3 years, and provide 3 year's audited financial statements or other form of documentation demonstrating that turnover, the bidder may then instead rely on the financial and economic standing of another network operator. Where any bidder is relying on the financial and economic standing of another economic operator (such as a parent or holding company) (guarantor) this MUST be clearly stated and will only be acceptable where: (1) the guarantor completes its own SPD (including Question 4B) in accordance with 2C.1; and (2) a letter of support is provided by the guarantor (i) clearly referencing the bidder as being the entity it is guaranteeing; (ii) providing an undertaking to guarantee the bidder's obligations under the Contract; and (iii) explaining the guarantor's relationship to that economic operator.

MEL will perform a full credit assessment to determine the financial and economic strength of the bidder and any supporting economic operator. Credit assessments will be provided by a third party, Dun & Bradstreet.

To pass the full credit assessment via Dun & Bradstreet, in addition to the minimum yearly turnover, bidders will need to have a Financial Strength of 1A or greater and Risk Indicator of 3 or less. In the event that the bidder cannot demonstrate these levels via Dun & Bradstreet (due to country variations) an equivalent indicator (according to Dun & Bradstreet) will also be acceptable by MEL.

It is a requirement of this contract that bidders hold, or can commit to obtain prior to the commencement of any subsequently awarded contract, the types and levels of insurance indicated below:

#### Minimum Insurance Level Requirements

- Employer's Liability Insurance = 5 million GBP
- Public & Products Liability Insurance = 5 million GBP
- Professional Indemnity Insurance = 2.5 million GBP
- Contractors all risk = Contract value

Bidders must also provide the economic and financial standing information required as stated in the Qualification Questionnaire which is part of the tender documents available as noted at I.3.

#### **III.1.3) Technical and professional ability**

Selection criteria as stated in the procurement documents

#### **III.1.4) Objective rules and criteria for participation**

List and brief description of rules and criteria

Please see Qualification Questionnaire which is part of the tender documents available as noted at I.3.

#### **III.1.6) Deposits and guarantees required**

As per question 6.4 in the Qualification Questionnaire. Guarantee values are to be confirmed at invitation to negotiate stage.

#### **III.1.7) Main financing conditions and payment arrangements and/or reference to the relevant provisions governing them**

To be confirmed at invitation to negotiate stage.

#### **III.1.8) Legal form to be taken by the group of economic operators to whom the contract is to be awarded**

The company is willing to accept responses from single operators or operators acting in a consortium (whether or not the consortium form a special purpose vehicle). Where multiple operators are forming a consortium to submit a tender response, responses to



the PQQ must:

1. include technical, professional and financial information for each member of any consortium;
2. explain the legal form any operators acting as a consortium intend to take; and
3. include for joint and several liability between the consortium members and demonstrate sufficient financial security in relation to the group's response.

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

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

To be confirmed in the contract documents to be issued at invitation to negotiate stage.

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## **Section IV. Procedure**

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

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

Negotiated procedure with prior call for competition

#### **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 a single operator

#### **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: No

### **IV.2) Administrative information**

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

Date

29 December 2021

Local time

3:00pm

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

14 January 2022

**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: 12 (from the date stated for receipt of tender)

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**Section VI. Complementary information**

**VI.1) Information about recurrence**

This is a recurrent procurement: No

**VI.2) Information about electronic workflows**

Electronic ordering will be used

Electronic invoicing will be accepted

Electronic payment will be used

**VI.3) Additional information**

All dates, timescales and values set out in this notice are estimates only and so subject to change during the tender process, if required. The date and time for tender submission will be confirmed in the invitation to negotiate.

The tender evaluation methodology will be published as part of the invitation to negotiate.

Under the terms of this contract the successful supplier(s) will be required to deliver community benefits in support of the MEL's economic and social objectives. Accordingly, contract performance conditions may relate in particular to social and environmental considerations. The community benefits included in this contract will be detailed within the invitation to negotiate.

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=673702](https://www.publiccontractsscotland.gov.uk/Search/Search_Switch.aspx?ID=673702).

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:

Details of the community benefit requirements will be included in the procurement documents.

(SC Ref:673702)

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

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

Edinburgh Sheriff Court

27 Chambers Street

Edinburgh

EH1 1LB

Country

United Kingdom