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Planning

Selection of an Investment Partner for the Global Centre of Rail Excellence

GCRE Ltd

F01: Prior information notice

Prior information only

Notice identifier: 2022/S 000-033185

Procurement identifier (OCID): ocds-h6vhtk-038790

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Section I: Contracting authority

I.1) Name and addresses

GCRE Ltd

Onllwyn

Neath Port Talbot

SA10 9HN

Contact

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Email

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Country

United Kingdom

NUTS code

UKL - Wales

Internet address(es)

Main address

<https://gov.wales/global-centre-rail-excellence-wales>

Buyer's address

https://www.sell2wales.gov.wales/search/Search_AuthProfile.aspx?ID=AA81204

I.2) Information about joint procurement

The contract is awarded by a central purchasing body

I.3) Communication

Additional information can be obtained from the above-mentioned address

I.4) Type of the contracting authority

Body governed by public law

I.5) Main activity

Other activity

Railway Technology Testing Facility

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Selection of an Investment Partner for the Global Centre of Rail Excellence

Reference number

GCRE_Proc_00005

II.1.2) Main CPV code

- 71541000 - Construction project management services

II.1.3) Type of contract

Services

II.1.4) Short description

This is an investment and commercialisation opportunity in relation to the Global Centre of Rail Excellence ("GCRE"), a planned railway infrastructure and rolling stock testing, proving, demonstration and storage facility in South Wales, on a site of 700 hectares located within the Powys and Neath Port Talbot local authorities. GCRE is being developed by GCRE Ltd, wholly owned by the Welsh Government.

Through this procurement process, GCRE Ltd is seeking a joint venture partner ("Strategic Investor") to develop and fund GCRE to completion. The Strategic Investor will play a lead role in its successful and timely implementation, along with further commercialisation of the GCRE opportunity.

The Strategic Investor could be a single investor or a consortium of investors, who will acquire a majority shareholding in and control of GCRE Ltd (being a minimum of 51%).

The GCRE team will be holding an event in London on Wednesday 7 December 2022 to discuss the opportunity ahead in more detail with potential Strategic Investors. Those wishing to register for the event can do so here:

<https://directory.railbusinessdaily.com/gcre/>

II.1.6) Information about lots

This contract is divided into lots: No

II.2) Description

II.2.2) Additional CPV code(s)

- 50222000 - Repair and maintenance services of rolling stock
- 50224000 - Reconditioning services of rolling stock
- 34940000 - Railway equipment
- 34632300 - Electrical installations for railways
- 45200000 - Works for complete or part construction and civil engineering work
- 45213000 - Construction work for commercial buildings, warehouses and industrial buildings, buildings relating to transport
- 45213320 - Construction work for buildings relating to railway transport
- 45234112 - Railway depot construction work
- 45213313 - Service-area building construction work
- 09310000 - Electricity
- 31121110 - Power converters
- 32552420 - Frequency converter
- 65300000 - Electricity distribution and related services
- 71314000 - Energy and related services
- 09330000 - Solar energy
- 71314200 - Energy-management services
- 71540000 - Construction management services
- 71541000 - Construction project management services
- 79420000 - Management-related services
- 79421000 - Project-management services other than for construction work
- 79421100 - Project-supervision services other than for construction work
- 32500000 - Telecommunications equipment and supplies
- 66120000 - Investment banking services and related services

- 70112000 - Development of non-residential real estate
- 45111291 - Site-development work
- 45230000 - Construction work for pipelines, communication and power lines, for highways, roads, airfields and railways; flatwork
- 45234000 - Construction work for railways and cable transport systems
- 45234115 - Railway signalling works
- 50220000 - Repair, maintenance and associated services related to railways and other equipment
- 71311230 - Railway engineering services
- 71314100 - Electrical services

II.2.3) Place of performance

NUTS codes

- UKL - Wales

Main site or place of performance

Wales

II.2.4) Description of the procurement

GCRE is a planned railway infrastructure and rolling stock testing, proving, demonstration and storage facilities in South Wales, on a 700 hectares site located within the Powys and Neath Port Talbot local authorities. For the rail industry and its supply chain, GCRE will provide a single site that brings people and ideas together, enabling world class research, testing and innovation. GCRE will be net zero in operation and will be the first purpose built large scale rail testing facility in the UK. The capital deployment needed will occur over a period of 3 years with the aim to achieve full commercial operations in FY25/26. Delivery will take place across different investment phases as described below:

1. Investment Phase 1: Ground works, site preparation, outline design and the development of storage facilities – this is already underway using public funding.
2. Investment Phase 2: Private funding needed for the development of the rail infrastructure, including construction of a rolling stock testing track (outer loop track length 6.9km), an infrastructure testing track (inner loop with track length of 4km), additional storage and maintenance facilities, and the required building and civil works to make the site fully operational, including:

(a) assuring supply of cost effective, sustainable, and reliable energy to the site to support 24/7 operations; and

(b) working with local stakeholders to get access to relevant utilities and access infrastructure.

The delivery of Investment Phases 1 and 2 form the "Project". The total estimated capital cost to deliver the Project is c.GBP400m (including estimated capital required for assuring energy supply to the site).

There is also an opportunity to commercially exploit and develop the renewable energy opportunities available at the site in line with GCRE's energy strategy, which includes development of a solar PV plant.

The proposed funding for the Project includes:

i) Public funding of GBP70m already committed and partially drawn down: Welsh Government equity investment of GBP50m and a GBP20m grant from the Department for Business, Energy and Industrial Strategy.

ii) Private funding of c.GBP330m with part of the funding to be provided as equity by the Strategic Investor and part of the funding to be arranged by the Strategic Investor as debt to GCRE. The Strategic Investor selected through this procurement process will take majority ownership and control of GCRE Ltd, work alongside existing management and provide support necessary to achieve successful delivery of the Project.

iii) Please note that this is a current estimate for the Project and work is underway to determine more precise value of the total capital cost. It should also be noted that site works (including award of the contract for earthworks), and relevant studies have already commenced.

This opportunity would also involve development over the course of time of other commercial / revenue opportunities related to land / real estate development on the site.

A more detailed description of the Project, its business plan and investment requirements will be provided at the tender stage of the procurement process.

Transaction Definition:

The Strategic Investor will play a lead role in the successful and timely implementation of the Project and further commercialisation of the GCRE opportunity. In addition, the Strategic Investor will be required to:

i) provide additional support, management capability and expertise to support GCRE in

the planning and delivery of the Project and achieve commercial operation.

ii) demonstrate adequate relevant experience necessary to achieve the objectives of GCRE, including experience in matters such as:

- rail operations and/or infrastructure;
- development of complex greenfield projects including investment, management; and operations;
- energy development (additional experience in this is preferred).

iii) provide / arrange the required funding for the Project to completion c.GBP330m.

II.2.14) Additional information

The contract value stated in this notice is an estimate only. Potential returns will depend on many commercial factors including (but not limited to) market conditions. Bidders should seek independent legal and commercial advice in relation to the potential value of the opportunity.

II.3) Estimated date of publication of contract notice

18 January 2023

Section IV. Procedure

IV.1) Description

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

The procurement is covered by the Government Procurement Agreement: Yes

Section VI. Complementary information

VI.3) Additional information

This PIN is an invitation to potential bidders to attend a Meet the Buyer day, to discuss in more detail the opportunity ahead for Strategic Investors. The event will include presentations on the Project, with supporting speakers from government and the wider industry.

Date: 7 December 2022

Time: 11am to 4pm

Location: Ashurst LLP, Fruit & Wool Exchange, 1 Duval Square, London E1 6PW

Those wishing to register for the event can do so here:

<https://directory.railbusinessdaily.com/gcre/>

Please use only the link provided above to register for the Meet the Buyer day.

Attendance at the Meet the Buyer day is optional and does not provide prospective bidders with an advantage in the future procurement process.

Please note that depending on the final strategy, the requirements listed in this PIN may be split into Lots or a number of Contract Notices.

NOTE: To register your interest in this notice and obtain any additional information please visit the Sell2Wales Web Site at

https://www.sell2wales.gov.wales/Search/Search_Switch.aspx?ID=126842.

(WA Ref:126842)