

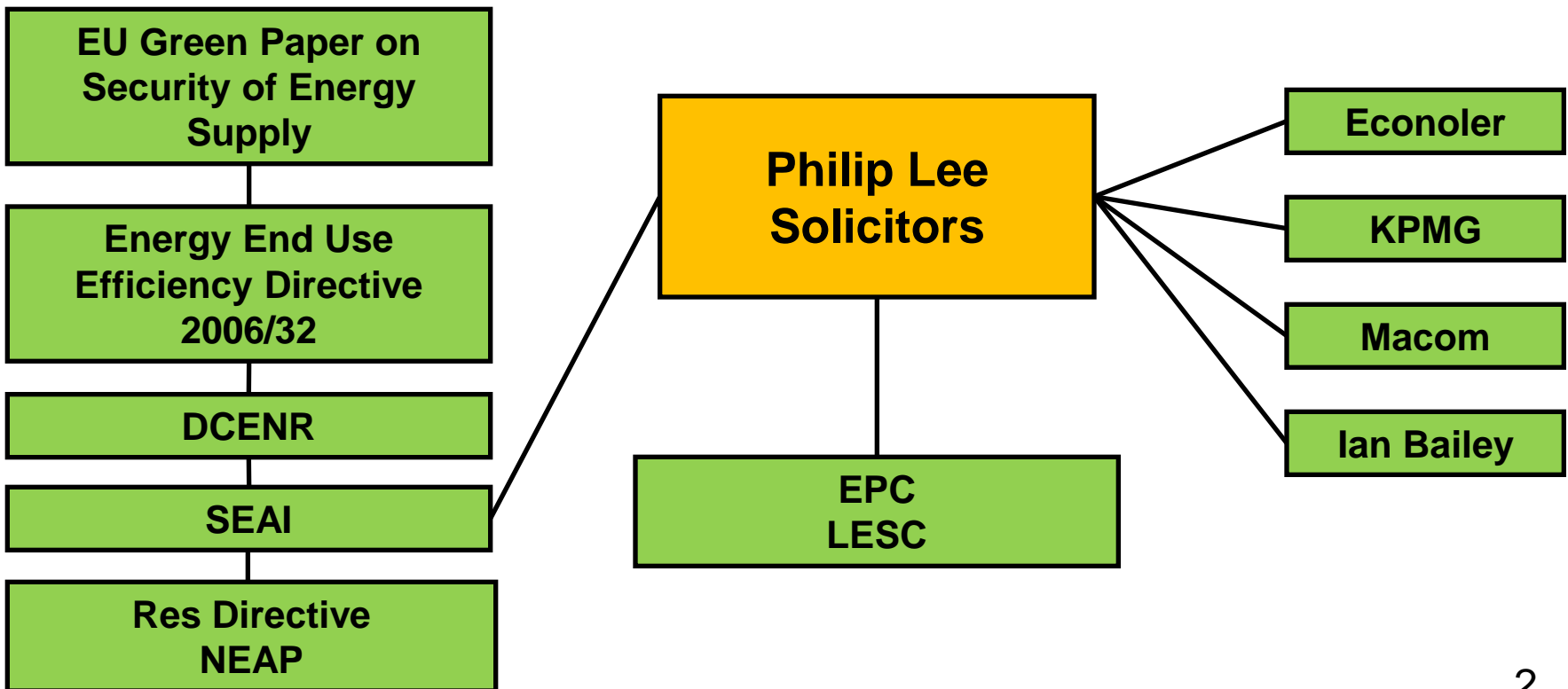
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IrBEA 12th National Bioenergy Conference
21 February 2013



Project Outline

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- Template EPC/LESC contract
- Template EPC/LESC procurement document
- Consultation with ESCO's
- Consultation with Public Sector
- Guidance notes on procurement and contract documents
- Liaison with NEAG
- Training workshops
- Central advisory services

Time Lines

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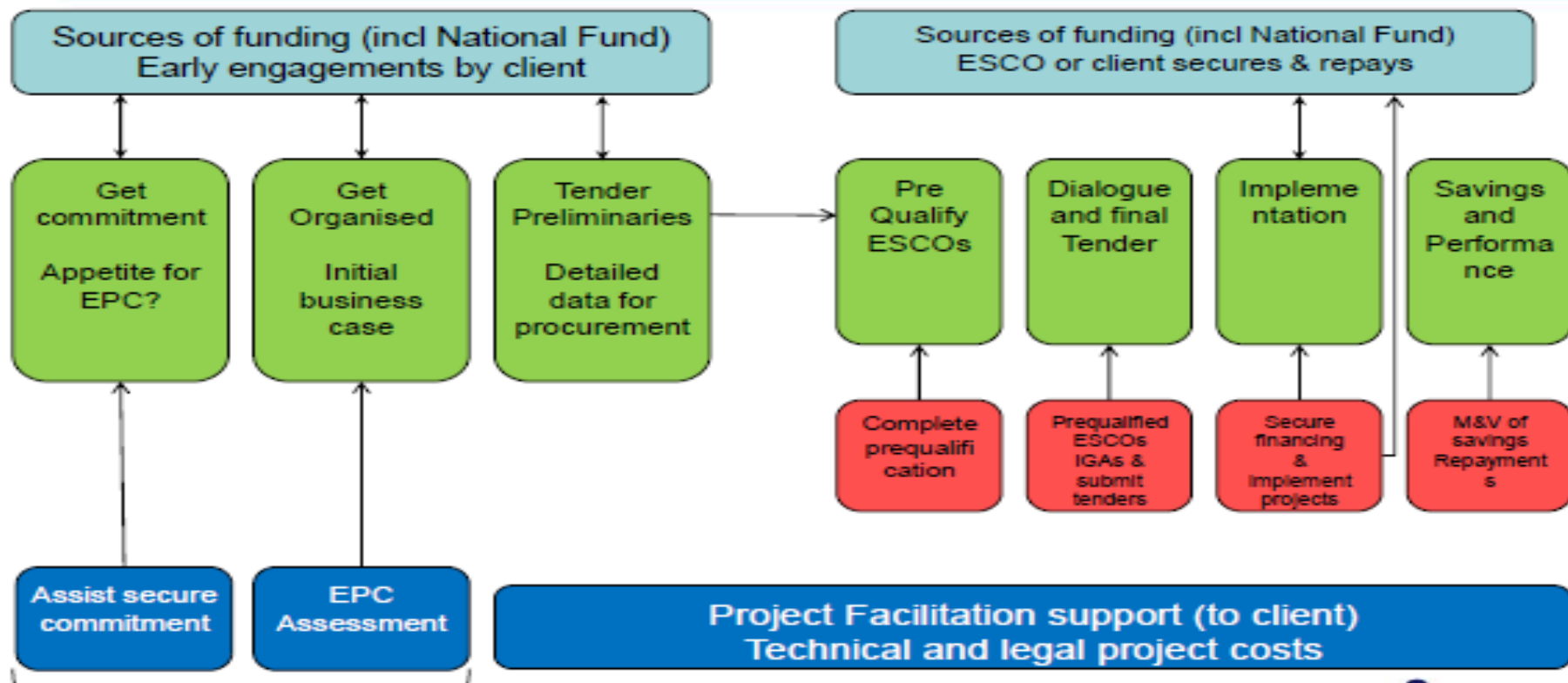


- February 2013 EPC Contract & ITT
- March 2013 Guidance Notes
- April 2013 LESC Contracts & ITT
- April/May 2013 Consultation

Simple Diagram of Framework – For larger projects or 3rd party financing



Simple diagram of Framework For larger projects or 3rd party financing



Key Observations

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- The most common types of biomass energy applications reduce carbon dioxide emissions 55 to 98 % compared to fossil fuels, even when transported long distances, as long as the biomass production does not cause any land-use change.
- Contrary to common belief, there is a large inherent cost improvement potential in biomass-generated power and heat as volumes and experience grow – 15 to 40 % compared to today.

Key Observations

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- If biomass energy is to play an important role in the future energy system, European companies and policy makers will need to regard it as a proven technology that holds significant promise for the future, but also recognize that the current value chain is immature and that investments are not happening at the expected pace. Policy makers will in some cases need to take targeted action to unlock biomass value chains and ensure some level of profitability, companies will need to make investments for the long-term and assume some risks, and sustainability aspects will need to be carefully managed.

Procurement & Contract Challenges

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- Transaction costs must be minimised
- Risks must be balanced
- Contract is fair; comprehensive but simple
- Procurement processes transparent and fast
- Award to ESCO which will give best value to client
- Long term supply is secure and pricing fair
- Quality high and operational risks managed

Public Sector Contract Awards



Procurement Rules

- EU Directives of 2004 on utilities and other public authorities

Is it a Works or Service or Supply

- Relevant Thresholds
 - €5 million works
 - €200k Supply or Services
- Department of Finance Guidelines for Public Sector Bodies

Public Sector Procurement

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Procurement Options

- Open
- Restricted
- Competitive Dialogue
- Competitive Negotiation

Competitive Dialogue Process



- Contract Notice
- Receipt of response to request to participate 1 month
- Shortlist evaluation and decision 2 weeks
- Invitation to commence dialogue
 - Draft contract – preliminary survey – award criteria 2 months
- Tender
 - Initial Responses 2 months

Competitive Dialogue Process



- Meetings with individual tenders 1 month
- Invitation to submit final tenders
- Receipt of final tenders 2 months
- Evaluation & clarification with preferred tenderer 1 month
- Award of contract
- Completion of installation
- Commencement of heat supply
- Expiry of contract

Preliminary Survey

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Contents

Existing Characteristics

- General description of the building
- Heat load
- The building envelope

Description of existing heating

- Heating systems and equipment
- Cooling and refrigeration systems and equipment

Preliminary Survey

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- Evolution graph of the heat consumption for the last 3 years
- Baseline year

Summary and energy balance

- Actual energy consumption and cost

Pre-Qual Criteria - Financial Capacity



- Evidence of turnover
- Balance sheet or extracts from a balance sheet
- Bankers letter
- Other financial economic information or references
- Professional indemnity insurance
- Public liability insurance
- Employers liability insurance

Pre-Qual Criteria - Technical Capacity



- Exclusion of certain contractors
- Companies which have repeatedly acted against environmental legislation, regulations or have been found guilty of grave professional misconduct as outlined in Articles 53 and 54 of Directive 2004/17/EC and Article 45 of Directive 2004/18/EC will be excluded from the tendering procedure

Pre-Qual Criteria - Technical Capacity



- Prior experience of delivering LESC projects. Under this heading it is required for the client to set out in some detail the specific experience that may be relevant to this particular. Use of the phrase “similar experience” may not be sufficient
- Engineering design experience – demonstrate capability of designing and installing energy efficiency measures and other required services.
- Supply Chain Details

Award Criteria - Financial



Financial Criteria	
(a) (i) Heat cost over 5-10 years	
(a) (ii) Residual/post contract value of heat	
(a) (i) Robustness of financing models - Access to and ability to raise finances for implementation of the project	

Award Criteria - Technical



Technical Criteria	Range of Percentage Weightings
Reliability of long term fuel supply at agreed price	
Quality of equipment proposed, and future availability of spare parts. Quality of equipment warranties offered	
Resources proposed for the project including qualifications and experience of the project team.	
Carbon footprint	

Contractual Issues



- Supply of heat [and electricity?]
- Indexation of spot price
 - CPI 15%
 - Platts 15%
 - Fuel oil
 - Gas oil

Contractual Issues

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- Indexation for existing fossil fuel supply
- Vat
- Use of standards
 - EN14961 – Solid Fuel
 - EN15234 – Fuel Quality Assurance
 - EN305 - Boilers

European VAT Directive

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- Section 3 – Particular Provisions - Article 102

Member States may apply a reduced rate to the supply of natural gas, of electricity or of district heating, provided that no risk of distortion of competition thereby arises

Contractual Issues

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- Transfer of ownership
- Eurostat and Off Balance Sheet
- New ERA Fund
- Penalty for non-performance
- Compensation on Termination
- Carbon footprint

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