

Technical and administrative clauses for bundled EEPB investment

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ATTACHMENTS

Att1. Administrative clause of Bundled EEPB EPC CONTRACTS financed through European Regional Development Fund (ERDF).

Att2. Technical clauses

1. PURPOSE OF THIS DOCUMENT

The purpose of this document is to define the technical and administrative clauses for EEPB MESCOs contracts.

With this aim, the document summarizes the main characteristics of each type of tendering procedure and the whole technical and administrative clauses.

2. TENDERING PROCEDURE

Two main different tendering models have been used to launch EPC /supply EEPB bundled investments.

The paragraph bellow summarises the two main types of bundled tendering procedures.

- ✿ **Bundled EEPB Supply Contracts.** Each municipality has signed an agreement with the Province council of Girona (Ddgi) and Ddgi has launched the tendering procedure to facilitate the bundling process.

The main features of this type of Bundled EEPB Supply contract are summarised in the bellow paragraph

- To reach an integral service contract, which includes the biomass boiler and district heating investment, the biomass supply as well as the maintenance service. It has been experienced that the integral service ensures the quality of the entire green thermal service throughout the contract period.
- To assist small and medium size municipalities, lacked of technical staff
- To take advantages of economy of scale by bundling projects
- The investment is partially financed by MESCO in some cases. In some other cases, the municipality entirely backs the renewable energy system
- The bundling system simplifies the bureaucracy that should be carried by the municipalities
- The bundling system takes a long time to be solved. The process lasts 10-12 months.

- ✿ **Bundled EEPB EPC CONTRACTS financed through European Regional Development Fund (ERDF):**

This tendering procedure concerns the combination of ERDF, EPC and Supply MESCO Contracts. In this case, the contracts introduces new concepts:

The contract involves three main actors:

- (1) the DDGI as responsible of the overall legal procedure
- (2) the municipality, as the responsible of economically supporting the energy service utilities (thermal energy and maintenance payments)
- (3) the SME-MESCO in charge of the execution of the biomass system, thermal energy supply (biomass) and its maintenance services during a period of 5 years

The investment of the biomass system and the contract is formally supported by DDGI. Despite the formally supported financing model is backed according to the following share: 25% of DDGI funds, 50% of the EFDR funds, and 25% of municipality funds plus BAT tax.

The thermal energy supply and the maintenances are paid by the municipalities. Once the contract period ends (5 years) the municipality will legally receive the biomass boiler and the district heating system.

The contract ads and energy performance profile (EPC). Minimum ratios of 5% of thermal energy and 10% of electrical power energy have to be reduced within the buildings scope of the contract (those buildings which are connected to the thermal grid system). In this framework, energy measures must be implemented as well as a verifying protocol to ensure well conducted measures.

- ✿ To simplify processes, the DDGI alternatively proposes in the same contract some measures where this energy ratios are already proved and verified in order to facilitate the execution of the EPC contract.

3. ADMINISTRATIVE CLAUSES FOR BUNDLED EEPB CONTRACTS

The administrative clauses define the legal parameters of the contract such as energy thermal price, maintenance price, execution time, the economic, financial and technical solvency and the scoring criteria.

The bellow paragraph aims to outline the most interesting administrative clauses from the main tendering types:

✿ The energy services

For both bundling systems the administrative clauses have taken into account the following services (named “prestacions” in the clauses document attached Att1.).

The administrative document also includes an annex named “Bases Econòmiques de Referència”, where the Services are described and the economic numbers are justified.

Service P1: Supplying energy

This service is described in two parts:

P1a Supplying thermal energy from the corresponding fuels (woodchips from local sustainable forest management and/or other biomass fuels like pellets) and the management of fuels supplied to the thermal installations in the buildings included in the contract, quality control, quantity, use and supply guarantees for the biomass boiler.

P1b. Fee for thermal energy management. This service includes the use and payment of the heat generation equipment. It corresponds to providing heat generation equipment (or biomass boiler) on an operational rental basis, with the option to purchase it. This fee allows it to run with partial project funding from the city council. In this case, the city council pays for the entire installation and leaves the boiler part as an operational rental.

In the case of the **EEPB EPC CONTRACTS financed through European Regional Development Fund (ERDF), P1b service is defined as an energy saving guarantee service.** The contract ads and energy performance profile (EPC). Minimum ratios of of thermal energy and electrical power energy have to be reduced within the buildings scope of the contract (those buildings which are connected to the thermal grid system).

Service 2: Preventative maintenance

Preventative maintenance to ensure perfect cleanliness and functioning of all the installations and their components, as well as maintaining the installations and their components at the same performance levels as they initially had.

Preventative maintenance will also be carried out on the non-renewable energy boilers installed at all the sites where renewable thermal energy is supplied, ensuring that they will automatically turn on (according to the project) in case of a malfunction with the biomass boiler.

Service P3: Corrective maintenance and total warranty

Repairing and replacement of all damaged components as specified in the technical terms and conditions under the total warranty section.

Service P4: Works to adapt and renovate installations and to incorporate renewable energies technology (biomass installation)

The contracted business will provide updates to the renewable energy generation equipment, it's installation and the installation of the heat network, as detailed in the technical terms and conditions and in the executive plan.

If there is partial financing, the heat generation equipment is not included in this service, since it is included in the P1b (as explained in the P1 services).

The awarding procedure

Another administrative clause that should be highlighted is the tendering packages acquisition when bundling the procedure.

Each municipality has assigned a contract (named “lot”) in the tendering process. The MESCOs enterprises are allowed to apply to the different offers of the bundling procedure. However, there is an administrative clause that permits them to be awarded with just one municipality. With this clause, the bundling procedure offers to the SME more opportunities of being awarded.

The biomass source

Wood originating from sustainable local forest management

If woodchips are being provided, as an incentive to use wood sourced from sustainable local forests, the carbon footprint in transporting the wood from its origin will be taken into consideration. Because of this, there has been a request to have the smallest carbon footprint listed in the technical terms and conditions of the contract, and the companies receiving the most points had a pre-contracted supply of wood that guaranteed: the wood’s traceability, origins in sustainable forest management and the least amount of carbon footprint made by transporting the wood, whether from the forest where it originates or the storage area where it is kept. In this case a pre-contract model has been created where the distance from the original forest or storage area to the installation should be listed.

Proximity of pellets

In the case of supplying pellets, there have been defined incentives to use quality forest pellets in a similar way that has been done with the woodchip.

Carbon footprint in providing maintenance services

In the case of technical services, given this type of environmental contract, in the awarding of points for the contract, the businesses that had the lowest carbon footprint in transporting their technical services (Annex attachment in administrative clauses), received the highest scores.

4. TECHNICAL CLAUSES

The technical clauses from this kind of contract content the following items:

- ✿ Energy management (specifies the guaranteed energy savings and thermal supply guaranteed in continuous mode)
- ✿ Preventive & corrective maintenance with total guarantee
- ✿ Investments to improve energy efficiency in the public buildings (energy efficiency financing comes from the local authority through bank credit or government grants) as well as the installation of the boiler and district heating.

Moreover, the technical project specifications considers and includes technical clauses. It has been underlined in all projects that:

- the boiler yield (high efficiency class)
- the quality of materials (insulation)
- the control system

Have to be completely defined.

It is important to tender together energy efficiency and maintenance services, with the purpose of making the same enterprise (MESCO) as the only responsible from the energy thermal service.

The technical and administrative clauses from EEPB MESCO's contract (EPC) with credit financing are shown in Attachment 2.