

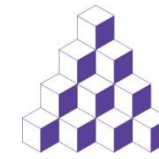
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District Energy Procurement Workshop

The “Valley of Death”

9th June 2015

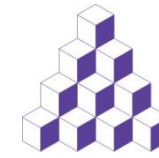
The Valley of Death 25th October 1854



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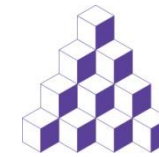


From feasibility to delivery



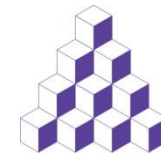
- All being well we won't face "shot and shell" as did the "gallant 600"
 - the activity in DE is significant
 - DECC has funded approaching 200 pieces of work ranging from heat mapping through master planning , feasibility studies to, more recently, "detailed project development"
 - A project taken through these stages should produce an investable business case
 - The question then is how might it be taken to delivery
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On to procurement



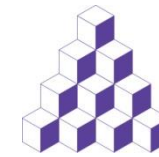
- The IBC may identify delivery strategy and commercial structure or may leave these open for market response
 - Engagement with the market – the procurement process
 - Procurement will require a budget for internal and external resources – requirement for a cost effective process
 - The costs of procurement are debatable but probably range from 4% to 10% of project capex
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Routes to procurement



- LAs probably do not have internal procurement expertise in DE
 - There appears to be an absence of an obvious procurement framework open to LAs and which has been set up for the benefit of the LAs
 - This has led to the proposal to establish the UK DEPA
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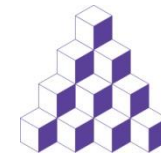
The UK DEPA



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- What would it need/look like?:-
 - OJEU compliant
 - A core expertise available to member LAs
 - “Standardised” processes and documentation
 - A panel of approved specialist providers with proven expertise in DE:-
 - Legal, technical, financial, project management professional services
 - Delivery providers (both project and long term O&M)
 - Bulk buying opportunity
 - Self funding

The opportunity



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- To bridge the valley of death!
 - To deliver DE projects in a cost effective more streamline and less risky manner
 - To establish the UK DEPA and for the founder LAs to shape it
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