



GELDERLAND AND OVERIJSEL USE THEIR JOINT PURCHASING POWER FOR THE PROCUREMENT OF CHARGING POINTS

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In 2018, the Provinces of Overijssel and Gelderland have jointly put out the largest European call for tenders for charging points. The call for tenders offers a concession for 2,250 charging stations with two charging points each in 43 municipalities. The contract was awarded to Ecotap in combination with Allego. A 10-year period of operation and the exclusive right to install charging stations for the next three years paved the way for a low tender price. A unique element in this tender is a 3-year field trial to investigate a variable and smart charging profile.

Facts and figures

Organisations: Provinces of Overijssel and Gelderland, and Ecotap in combination with Allego

Product: Mobile charging stations

Size: 4,500 charging points

Value: € 0 - concession for 3-year exclusivity and a 10-year period of operation

Period: tender in 2017, start of contract 2018, contract period 10 years

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Ambitions and objectives

The sustainability ambitions of the Province of Overijssel for mobility and energy are:

- 20% of the energy consumption must come from renewable sources by 2023.
- The province's energy plan has 5 pillars, one of which is sustainable mobility.

- Before this project, the Province of Overijssel had about 200 charging stations. The central government policy dictates there should be 1,400 by 2020.

The sustainability ambitions of the Province of Gelderland are:

- Climate-neutral by 2025
- Energy agreement Gelderland: yearly energy savings of 1,5%

National objectives:

- Coalition agreement: all new cars should be zero emission by 2030
- The government will ensure that charging infrastructure is in place to meet the expected growth of electric vehicles.



Source: <https://www.ecotap.nl/>

Both provinces recognise the 'chicken and egg dilemma' with regard to electric vehicles. Today, citizens refrain from buying electric vehicles because there are not enough charging facilities, while no-one installs charging facilities because there are not enough electric vehicles in use. The installation of the charging stations in this tender quadruples the number of charging stations in the two provinces. With this joint

procurement the provinces aim to support their municipalities with fast installation of charging stations at reduced cost.

Procurement process

Preparations

The provinces started out separately with their procurement project for mobile charging stations. When they discovered their parallel efforts, they decided to join forces. The installation of mobile charging stations is not a matter for the provinces. However, they do have a responsibility to boost sustainable innovation. This is why both provinces decided to facilitate the procurement and contract management on behalf of the participating municipalities. Every municipality had the opportunity to benefit from procurement expertise, market position and economy of scale.



In the Province of Overijssel the initiative for the procurement project did not come from the mobility department, but from the environmental department, which are also concerned with health. They expect that an increase in electric driving will produce health benefits for the citizens.

The initiative by the Province of Gelderland relates to the energy transition. By facilitating the installation of extra charging stations the province wants to stimulate electric driving. A previous concession for charging stations was going to expire and five large municipalities asked the province to procure a new concession.

To support the procurement process the provinces looked for support to various parties:

- A similar procurement project for mobile charging stations by the Provinces of Noord-Brabant and Limburg served as an example. That project included the selection of an energy supplier for the charging stations. The Provinces of Overijssel and Gelderland decided not to contract an energy supplier. This allowed smaller market players, who do not own the entire chain, to compete, including local energy suppliers for the charging stations.
- For expertise on charging electric vehicles, the provinces turned to the external consulting firm APPM, who also supported the Provinces of Noord-Brabant and Limburg.
- Elaad NL is an independent organisation that brings together market players for research into smart charging.
- Grid operators in both provinces joined in to ensure that the grid load is being managed well.

Internal organisation

Collaboration between the two provinces was not new in itself, they had worked together before on public transport concessions. The provinces also regularly represent each other in the Interprovincial Consultative Committee (IPO). For this project, the provinces had complementary expertise. The provinces had started their

procurement project separately, and later decided to join forces. Their collaboration agreement made the Province of Overijssel the official coordinator and contracting authority. At that time, the Province of Overijssel had already started writing the specifications, and Gelderland joined in with their efforts. The Province of Gelderland had also started preparations for the tender, but their approach was fully focussed on the content. Overijssel brought in experienced purchasing officers and contract managers at an early stage to ensure the tender documents would be technically and legally as complete as possible. The collaboration with the participating municipalities was also defined. Suzanne Riezebos, project manager energy transition at the Province of Gelderland emphasizes that this was important, as it enabled them to guarantee market players a certain volume and achieve economies of scale.

The provinces offered the municipalities the following:

- Facilitating the procurement process and contract management
- Maximum financial contribution per charging station for the municipalities
- Maximum charging fee for drivers of electric vehicles
- Selection of preferred type of charging station
- Opportunity to indicate preferred locations for the charging stations

Framework own responsibility of the municipalities:

- Maximum financial contribution per charging station of € 500 for Gelderland and € 250 for Overijssel
- Implementation of traffic orders
- Execution, for example excavation work
- Determining the locations for the charging stations

Market contacts

Both parties conducted a market consultation. Despite the fact that the market is still immature and provinces were looking for high volume and large-scale innovation, the interest was substantial.

What emerged from these consultations was the preference of the market to separate the request for charging stations from supplying energy. For smaller parties, that are not part of a full supply chain, a combination would not be feasible, while for a larger party it would be a substantial part of the business case.

Call for tenders

The provinces made a choice between an open market model and a concession. In the current form, where the provinces facilitated the procurement process on behalf of the municipalities, a concession was the most feasible option. It is easier to implement, as the winning party will gain the exclusive rights for - in this case - the first three years. The larger municipalities might have been able to do their own procurement within an open market model, but smaller municipalities would not have been able to offer the volume that would make a good and economically cost-effective tender possible. The concession gives the winning parties, Ecotap and Allego, the exclusive right to install 2,250 charging stations in the 43 municipalities within three years, with a possible extension to four years. In addition they are allowed to operate the charging stations for a period of ten years, with a possible extension.

Concession agreement

A concession is an agreement to carry out a work or service. Instead of payment, the winning party receives the exclusive operating rights in return. The operational risks also lie exclusively with the concession holder, however. In some cases, the contracting authority does decide to contribute funds to the work or service. In that case a financial transaction is part of the agreement.

The bids were assessed based on eight qualitative award criteria, including:

- Stimulation of local renewable energy initiatives;
- Suggestions on how to communicate with the electric driver;
- The smart loading field trial;
- Further innovation of electric charging.

The contract was awarded on the basis of quality (40%) and price (60%). In hindsight, the provinces and the bidders believed that eight award criteria were too many. The combination of a large-scale field trial and new energy solutions required a heavy investment of time from the bidders. Nevertheless, the quality of the bids was high and the provinces received four bids.

The assessment team consisted of:

- Project managers for Gelderland and Overijssel
- Procurement and contract managers
- An expert from Elaad NL
- An energy expert from APPM

The qualitative assessment was conducted first, without any knowledge of the corresponding bid prices. This ensured an objective assessment of the quality aspects. In two sessions, the team reached a unanimous decision on the basis of all award criteria. The quality rankings were expressed in the form of discounts that were deducted from the tender price. Based on this assessment, the concession was awarded to Ecotap and Allego.

Field trial and smart charging profile

A unique element of this tender is the field trial to determine a smart charging profile that is compliant with the charging stations. Most electric drivers charge their vehicle between 5 pm and 9 pm, which causes a major peak on the electricity grid. To prevent the net from overloading in the future, the possibility of variable charging or 'smart' charging is being explored. The charging stations will charge the vehicles in off-peak hours, when a lot of renewable energy is available. In practice, this ensures that vehicles are charged faster during off-peak hours compared to peak hours, although charging during peak hours is still possible. In addition, the field trial looks at options to feed energy stored in the vehicles back into the grid. These options require innovations in charging station technology.

Results

Although the concession holder receives operation rights rather than a payment, the provinces did take into account investment costs for the municipalities. This amounts to a maximum of € 500 per charging station for the municipalities in Gelderland and a maximum of € 250 per charging station for the municipalities in Overijssel (supplemented by the grid operator to € 500). In the end, the investment per charging station was not necessary, as the joint offer by Ecotap and Allego

was only € 0. The charging fees are low as well: 18 cents per kilowatt hour, including the charging card. These are the cheapest charging points in the Netherlands. Thanks to the large volume, Ecotap and Allego were able to negotiate a low charging fee.

The charging stations are sustainable and can be reused for 80%. It was a conscious decision not to request fully circular charging stations, in view of the fact that the procurement was already very innovative. In addition, the provinces requested a social return percentage based on the investment in the charging station. Ecotap is certified at the highest level of the Prestatieladder Sociaal Ondernemen (Performance Ladder for Social Enterprise) and therefore easily meets this requirement.

Contract management

Contract management is carried out by the Province of Overijssel. The call for tenders left a lot of room for flexibility and innovation. Consequently, it was quite a challenge to formulate the right controls. How can you manage a deviation from the tender requirements if the price was € 0 ? This was solved by adding an escalation ladder for every element of the tender. This describes for each risk which actions are required, and when. This enables the parties to communicate clearly. In addition, the discounts that were calculated based on the qualitative assessments can also be turned into fines in case of non-compliance with agreements.

Lessons learned

- A broad, well documented collaboration offers many opportunities. There is a certain tension you need to consider between the guarantees you demand and the developments you can leave to the market. Leave room for uncertainty in your call

for tenders, as this gives the market the opportunity to come up with a great solution.

- Market players indicated that eight award criteria were rather a lot. For a next project, the provinces would make clearer choices to make it easier for market players to compete. In hindsight the large-scale field trial and the new energy solution were somewhat excessive requests.
- Market developments are taking place at such a quick pace that yesterday's complicated issues are today's standard features. Wishes added in this tender can be from now on be included as requirements.

Tips

- Involve contract management from the beginning in the writing of the tender documents, even in a flexible tender with room for innovation.
- The more parties are collaborating, the more complex the project will become. The risk of delays, in particular, is high. The parties involved in this project took sufficient time to write a solid invitation to tender. This contributed to its quality. Ultimately, the collaboration also sparked new ideas, such as an innovation calendar. This helps the provinces to collaborate on other focus areas and perspectives within the electric charging domain to stimulate innovation.
- Make collaboration agreements if you are working with multiple parties. The various responsibilities need to be properly safeguarded within the process.
- Don't waste too much time reflecting on innovations. Just start your procurement process and allow yourself to be surprised. That way, you can implement the solutions quickly. Keep it simple and leave room for innovation.